



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

For the year ended 31 March 2024

HOYA Corporation

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of HOYA CORPORATION:

<Audit of Consolidated Financial Statements>

Opinion

We have audited the consolidated financial statements of HOYA CORPORATION and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as of March 31, 2024, and the consolidated statement of income and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

Convenience Translation

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

Basis for Opinion

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

Key Audit Matter

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

Recoverability of the suspense payments of income tax (Note 11. Deferred taxes and income taxes and Note 13. Other assets and liabilities)	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>As disclosed in Note 11. "Deferred taxes and income taxes" and Note 13. "Other assets and liabilities" to the consolidated financial statements, HOYA CORPORATION (the "Company") received reassessment notices from the Tokyo Regional Taxation Bureau ("TRTB") for additional tax on the transfer pricing taxation for the transactions with overseas subsidiaries that develop and manufacture electronics-related products for the five financial years ended 31 March 2007 to 2011, the three financial years ended 31 March 2012 to 2014 and the four financial years ended 31 March 2015 to 2018. As a result of the objections with the TRTB seeking the withdrawal of the assessment, the Company received written verdicts from the National Tax Tribunal (the "Tribunal"), which partially cancelled the reassessments. However, the Company disagrees with the remaining findings of the Tribunal's verdicts that maintain portions of the reassessments and expects that all the reassessments will be cancelled in the trials. Consequently, the paid amounts of 7,916 million yen, 4,544 million yen and 8,000 million yen were included in "Other current assets" as suspense payments.</p> <p>There are differences in claims with the authorities regarding the tax treatment and there is uncertainty as to whether the court and the Tribunal will accept the Company's claims.</p> <p>In accordance with the Japanese tax law, auditing the recoverability of the suspense payments required not only high-level expertise related to interpretations of the tax law and practical judgment but also complex and professional judgment. Therefore, we identified the recoverability of the suspense payments of income tax as a key audit matter.</p>	<p>In order to evaluate the appropriateness of the judgment of the Company for the recoverability of the suspense payments of income tax, we performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> With the assistance of our tax specialists, we critically evaluated the appropriateness of the Company's position for the points of dispute in the trials by inquiries of the Company's management and in-house tax accountants and inspecting of the briefs and written answers; and We received external legal counsel confirmation letters and assessed the view on the current situation of the trials and the recoverability.

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

<Fee-Related Information>

Fees for audit and other services for the year ended March 31, 2024, which were charged by us and our network firms to HOYA Corporation and its subsidiaries were ¥563 million and ¥189 million, 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.

Deloitte Touche Tohmatsu LLC

July 5, 2024

Consolidated Statement of Financial Position

HOYA Corporation and its Subsidiaries

As at 31 March 2024

	Notes	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
		As at 31 March 2023	As at 31 March 2024	As at 31 March 2024
ASSETS				
NON-CURRENT ASSETS:				
Property, plant and equipment—net	6, 9, 33	178,648	198,225	1,309,192
Goodwill	8, 9	46,818	52,742	348,338
Intangible assets	8, 9, 33	35,732	34,042	224,834
Investments in associates	10	971	1,487	9,822
Long-term financial assets	7, 12, 21	45,303	48,401	319,669
Other non-current assets	13	747	463	3,056
Deferred tax assets	11	9,953	11,628	76,801
Total non-current assets		318,171	346,988	2,291,712
CURRENT ASSETS:				
Inventories	14	105,150	119,076	786,450
Trade and other receivables	7, 15, 21	143,194	152,606	1,007,897
Other short-term financial assets	12, 21	20,379	19,237	127,052
Income taxes receivable		3,798	4,298	28,386
Other current assets	13	30,622	35,973	237,586
Cash and cash equivalents	21	405,888	525,162	3,468,478
Subtotal		709,031	856,352	5,655,849
Assets held for sale	34	1,124	282	1,865
Total current assets		710,155	856,635	5,657,715
Total assets		1,028,326	1,203,623	7,949,427

	Notes	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))	
		As at 31 March 2023	As at 31 March 2024	As at 31 March 2024	
<u>EQUITY AND LIABILITIES</u>					
EQUITY					
Share capital	20(1)	6,264	6,264	41,372	
Capital reserves	20(1)	15,899	15,899	105,004	
Treasury shares	20(2)	(41,374)	(6,874)	(45,399)	
Other capital reserves	20(2)	(12,800)	(17,009)	(112,339)	
Retained earnings	20(3), 35	752,999	805,997	5,323,272	
Accumulated other comprehensive income		97,334	163,482	1,079,730	
Equity attributable to owners of the Company	20(4), 29	818,321	967,758	6,391,640	
Non-controlling interests		(3,717)	(5,494)	(36,288)	
Total equity		814,604	962,264	6,355,351	
LIABILITIES					
NON-CURRENT LIABILITIES:					
Interest-bearing long-term debt	7, 16, 21	15,997	20,590	135,990	
Other long-term financial liabilities	12, 21	21,523	24,801	163,799	
Retirement benefit liabilities	17	4,028	4,315	28,497	
Provisions	18	3,153	3,265	21,561	
Other non-current liabilities	13	2,820	6,034	39,850	
Deferred tax liabilities	11	10,102	13,382	88,386	
Total non-current liabilities		57,623	72,387	478,083	
CURRENT LIABILITIES:					
Interest-bearing short-term debt	7, 16, 21	8,585	8,649	57,126	
Trade and other payables	19, 21	64,621	67,771	447,597	
Other short-term financial liabilities	12, 21	264	143	947	
Income tax payables		21,546	23,349	154,211	
Provisions	18	1,558	1,705	11,258	
Other current liabilities	13	59,394	67,291	444,432	
Subtotal		155,967	168,909	1,115,571	
Liabilities directly associated with assets held for sale	34	132	64	421	
Total current liabilities		156,099	168,972	1,115,992	
Total liabilities		213,722	241,359	1,594,075	
Total equity and liabilities		1,028,326	1,203,623	7,949,427	

Consolidated Statement of Comprehensive Income

HOYA Corporation and its Subsidiaries

For the year ended 31 March 2024

	Notes	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
		For the year ended 31 March 2023	For the year ended 31 March 2024	For the year ended 31 March 2024
Revenue:				
Sales	23	723,582	762,610	5,036,723
Finance income	7, 25	7,666	16,279	107,514
Share of profit of associates	10	83	411	2,717
Other income	21, 24	2,764	13,328	88,025
Total revenue		734,095	792,628	5,234,979
Expenses:				
Changes in goods, products and work in progress		(1,953)	783	5,171
Raw materials and consumables used		104,193	103,855	685,922
Employee benefits expense	17, 22, 24	160,698	184,608	1,219,258
Depreciation and amortisation	6, 7, 8, 24	49,615	47,215	311,837
Subcontracting cost		4,674	4,457	29,436
Advertising and promotion expense		16,004	18,257	120,578
Commissions expense	24	43,974	49,633	327,805
Impairment losses	9,34	1,082	8,831	58,326
Finance costs	7, 17, 25	1,816	1,925	12,717
Foreign exchange (gain)/loss, net	24	(55)	(9,592)	(63,351)
Other expenses	6, 7, 8, 24	138,213	146,092	964,874
Total expenses		518,263	556,064	3,672,572
Profit before tax		215,832	236,564	1,562,407
Income tax expense	11	47,044	53,998	356,632
Profit for the year		168,788	182,566	1,205,775
Other comprehensive income:	26			
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Financial assets measured at fair value through other comprehensive income		(5,711)	2,236	14,767
Remeasurements of the net defined benefit asset and liability, net	17	152	(18)	(122)
Income tax relating to components of other comprehensive income	11	1,708	(319)	(2,107)
Subtotal		(3,852)	1,898	12,538
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of foreign operations		43,481	65,099	429,950
Share of other comprehensive income of associates	10	2	122	806
Income tax relating to components of other comprehensive income	11	(17)	(43)	(286)
Subtotal		43,466	65,177	430,470
Total other comprehensive income		39,615	67,076	443,008
Total comprehensive income for the year		208,403	249,642	1,648,783

	Notes	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
		For the year ended 31 March 2023	For the year ended 31 March 2024	For the year ended 31 March 2024
Profit attributable to:				
Owners of the Company		168,638	181,377	1,197,917
Non-controlling interests		150	1,190	7,858
Total		168,788	182,566	1,205,775
Total comprehensive income attributable to:				
Owners of the Company		207,342	246,644	1,628,980
Non-controlling interests		1,060	2,998	19,804
Total		208,403	249,642	1,648,783

	Notes	(Yen)	(Yen)	(U.S. Dollars (Note 2))
		For the year ended 31 March 2023	For the year ended 31 March 2024	For the year ended 31 March 2024
Basic earnings per share	27	469.76	515.48	3.4
Diluted earnings per share	27	469.47	515.27	3.4

Consolidated Statement of Changes in Equity

HOYA Corporation and its Subsidiaries

For the year ended 31 March 2024

(Millions of Yen)

	Notes	Share capital	Capital reserves	Treasury shares	Other capital reserves	Retained earnings
Balance at 1 April 2022		6,264	15,899	(68,310)	(11,570)	802,815
Total comprehensive income for the year						
Profit for the year						168,638
Other comprehensive income	26					
Total comprehensive income for the year						168,638
Transactions with owners						
Contributions by and distributions to owners						
Acquisition of treasury shares	20(2)			(153,964)	(9)	
Disposal of treasury shares	20(2)			2,143	(1,374)	
Cancellation of treasury shares	20(2)			178,757		(178,757)
Dividends, 110 yen per share	20(3)					(39,822)
Increase (decrease) by business combination	20(4)				—	
Change in scope of consolidation	20(4)				—	
Change in non-controlling interests	20(4)				—	
Share-based payments	22				153	
Transfer to retained earnings						125
Total contributions by and distributions to owners		—	—	26,936	(1,230)	(218,454)
Total transactions with owners		—	—	26,936	(1,230)	(218,454)
Balance at 31 March 2023		6,264	15,899	(41,374)	(12,800)	752,999
Total comprehensive income for the year						
Profit for the year						181,377
Other comprehensive income	26					
Total comprehensive income for the year						181,377
Transactions with owners						
Contributions by and distributions to owners						
Acquisition of treasury shares	20(2)			(56,049)	(3)	
Disposal of treasury shares	20(2)			1,202	(759)	
Cancellation of treasury shares	20(2)			89,347		(89,347)
Dividends, 110 yen per share	20(3)					(38,806)
Changes in ownership interest in subsidiaries	20(4)				(3,528)	
Change in non-controlling interests	20(4)				—	
Share-based payments	22				80	
Transfer to retained earnings						(225)
Total contributions by and distributions to owners		—	—	34,500	(4,209)	(128,379)
Total transactions with owners		—	—	34,500	(4,209)	(128,379)
Balance at 31 March 2024		6,264	15,899	(6,874)	(17,009)	805,997

(Millions of Yen)

	Notes	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Remeasurements of the net defined benefit liability (asset)	Share of other comprehensive income of associates	Accumulated other comprehensive income
Balance at 1 April 2022		9,703	50,960	—	(1,910)	58,753
Total comprehensive income for the year						
Profit for the year						
Other comprehensive income	26	(3,943)	42,553	93	2	38,705
Total comprehensive income for the year		(3,943)	42,553	93	2	38,705
Transactions with owners						
Contributions by and distributions to owners						
Acquisition of treasury shares	20(2)					
Disposal of treasury shares	20(2)					
Cancellation of treasury shares	20(2)					
Dividends, 110 yen per share	20(3)					
Increase (decrease) by business combination	20(4)					
Change in scope of consolidation	20(4)					
Change in non-controlling interests	20(4)					
Share-based payments	22					
Transfer to retained earnings		(31)		(93)		(125)
Total contributions by and distributions to owners		(31)	—	(93)	—	(125)
Total transactions with owners		(31)	—	(93)	—	(125)
Balance at 31 March 2023		5,729	93,513	—	(1,908)	97,334
Total comprehensive income for the year						
Profit for the year						
Other comprehensive income	26	1,918	63,252	(25)	122	65,267
Total comprehensive income for the year		1,918	63,252	(25)	122	65,267
Transactions with owners						
Contributions by and distributions to owners						
Acquisition of treasury shares	20(2)					
Disposal of treasury shares	20(2)					
Cancellation of treasury shares	20(2)					
Dividends, 110 yen per share	20(3)					
Changes in ownership interest in subsidiaries	20(4)		656			656
Change in non-controlling interests	20(4)					
Share-based payments	22					
Transfer to retained earnings		200		25		225
Total contributions by and distributions to owners		200	656	25	—	881
Total transactions with owners		200	656	25	—	881
Balance at 31 March 2024		7,847	157,421	—	(1,786)	163,482

(Millions of Yen)

	Notes	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance at 1 April 2022		803,851	(14,795)	789,056
Total comprehensive income for the year				
Profit for the year		168,638	150	168,788
Other comprehensive income	26	38,705	910	39,615
Total comprehensive income for the year		207,342	1,060	208,403
Transactions with owners				
Contributions by and distributions to owners				
Acquisition of treasury shares	20(2)	(153,973)		(153,973)
Disposal of treasury shares	20(2)	769		769
Cancellation of treasury stock	20(2)	—		—
Dividends, 110 yen per share	20(3)	(39,822)	(171)	(39,993)
Increase (decrease) by business combination	20(4)	—	2,646	2,646
Change in scope of consolidation	20(4)	—	7,772	7,772
Change in non-controlling interests	20(4)	—	(228)	(228)
Share-based payments	22	153		153
Transfer to retained earnings		—		—
Total contributions by and distributions to owners		(192,872)	10,018	(182,854)
Total transactions with owners		(192,872)	10,018	(182,854)
Balance at 31 March 2023		818,321	(3,717)	814,604
Total comprehensive income for the year				
Profit for the year		181,377	1,190	182,566
Other comprehensive income	26	65,267	1,809	67,076
Total comprehensive income for the year		246,644	2,998	249,642
Transactions with owners				
Contributions by and distributions to owners				
Acquisition of treasury shares	20(2)	(56,052)		(56,052)
Disposal of treasury shares	20(2)	443		443
Cancellation of treasury stock	20(2)	—		—
Dividends, 110 yen per share	20(3)	(38,806)	—	(38,806)
Changes in ownership interest in subsidiaries	20(4)	(2,872)	(4,683)	(7,555)
Change in non-controlling interests	20(4)	—	(93)	(93)
Share-based payments	22	80		80
Transfer to retained earnings		—		—
Total contributions by and distributions to owners		(97,206)	(4,776)	(101,983)
Total transactions with owners		(97,206)	(4,776)	(101,983)
Balance at 31 March 2024		967,758	(5,494)	962,264

Consolidated Statement of Changes in Equity
HOYA Corporation and its Subsidiaries
For the year ended 31 March 2024-Continued

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

	Notes	Share capital	Capital reserves	Treasury shares	Other capital reserves	Retained earnings
Balance at 31 March 2023		41,372	105,004	(273,259)	(84,541)	4,973,243
Total comprehensive income for the year						
Profit for the year						1,197,917
Other comprehensive income						
Total comprehensive income for the year						1,197,917
Transactions with owners						
Contributions by and distributions to owners						
Acquisition of treasury shares	20(2)			(370,179)	(19)	
Disposal of treasury shares	20(2)			7,937	(5,010)	
Cancellation of treasury shares	20(2)			590,102		(590,102)
Dividends, 110 yen per share	20(3)					(256,300)
Changes in ownership interest in subsidiaries	20(4)				(23,299)	
Change in non-controlling interests	20(4)				—	
Share-based payments (stock options)	22				529	
Transfer to retained earnings						(1,486)
Total contributions by and distributions to owners		—	—	227,860	(27,798)	(847,888)
Total transactions with owners		—	—	227,860	(27,798)	(847,888)
Balance at 31 March 2024		41,372	105,004	(45,399)	(112,339)	5,323,272

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

	Notes	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Remeasurements of the net defined benefit liability (asset)	Share of other comprehensive income of associates	Accumulated other comprehensive income
Balance at 31 March 2023		37,841	617,613	—	(12,605)	642,849
Total comprehensive income for the year						
Profit for the year						
Other comprehensive income		12,666	417,756	(165)	806	431,063
Total comprehensive income for the year		12,666	417,756	(165)	806	431,063
Transactions with owners						
Contributions by and distributions to owners						
Acquisition of treasury shares	20(2)					
Disposal of treasury shares	20(2)					
Cancellation of treasury shares	20(2)					
Dividends, 110 yen per share	20(3)					
Changes in ownership interest in subsidiaries	20(4)			4,332		4,332
Change in non-controlling interests	20(4)					
Share-based payments (stock options)	22					
Transfer to retained earnings		1,321		165		1,486
Total contributions by and distributions to owners		1,321	4,332	165	—	5,818
Total transactions with owners		1,321	4,332	165	—	5,818
Balance at 31 March 2024		51,828	1,039,701	—	(11,799)	1,079,730

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

	Notes	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance at 31 March 2023		5,404,669	(24,548)	5,380,121
Total comprehensive income for the year				
Profit for the year		1,197,917	7,858	1,205,775
Other comprehensive income	26	431,063	11,945	443,008
Total comprehensive income for the year		1,628,980	19,804	1,648,783
Transactions with owners				
Contributions by and distributions to owners				
Acquisition of treasury shares	20(2)	(370,198)		(370,198)
Disposal of treasury shares	20(2)	2,928		2,928
Cancellation of treasury shares	20(2)	—		—
Dividends, 110 yen per share	20(3)	(256,300)	—	(256,300)
Changes in ownership interest in subsidiaries	20(4)	(18,967)	(30,929)	(49,896)
Change in non-controlling interests	20(4)	—	(615)	(615)
Share-based payments (stock options)	22	529		529
Transfer to retained earnings		—		—
Total contributions by and distributions to owners		(642,008)	(31,544)	(673,552)
Total transactions with owners		(642,008)	(31,544)	(673,552)
Balance at 31 March 2024		6,391,640	(36,288)	6,355,351

Consolidated Statement of Cash Flows

Consolidated Statement of Cash Flows

HOYA Corporation and its Subsidiaries

For the year ended 31 March 2024

	Notes	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
		For the year ended 31 March 2023	For the year ended 31 March 2024	For the year ended 31 March 2024
Cash flows from operating activities				
Profit before tax		215,832	236,564	1,562,407
Depreciation and amortisation		49,615	47,215	311,837
Impairment losses		1,082	8,831	58,326
Finance income		(7,666)	(16,279)	(107,514)
Finance costs		1,816	1,925	12,717
Share of (profit)/loss of associates		(83)	(411)	(2,717)
(Gain)/loss on sales of property, plant and equipment		(468)	(1,375)	(9,081)
Loss on disposal of property, plant and equipment		127	260	1,716
Foreign exchange (gain)/loss		(157)	(8,127)	(53,677)
Others		5,122	(4,923)	(32,516)
Cash generated from operations (before movements in working capital)		265,221	263,680	1,741,498
Movements in working capital				
Decrease/(increase) in inventories		(9,216)	(5,283)	(34,891)
Decrease/(increase) in trade and other receivables		(2,967)	800	5,283
Increase/(decrease) in trade and other payables		(6,507)	3,553	23,463
Increase/(decrease) in retirement benefit liabilities and provisions		(88)	(375)	(2,478)
Subtotal		246,443	262,375	1,732,875
Interest received		5,928	12,779	84,402
Dividends received		63	118	779
Interest paid		(524)	(718)	(4,741)
Income taxes paid		(51,304)	(52,697)	(348,039)
Income taxes refunded		1,224	945	6,242
Net cash generated from operating activities		201,829	222,802	1,471,517
Cash flows from investing activities				
Withdrawals of time deposits		3,946	4,521	29,861
Payments for time deposits		(12,632)	(2,624)	(17,328)
Proceeds from sales of property, plant and equipment		2,639	1,986	13,117
Payments for acquisition of property, plant and equipment		(33,473)	(41,074)	(271,280)
Proceeds from government grant		—	2,843	18,779
Proceeds from sales of investments		86	65	427
Payments for acquisition of investments		(108)	(90)	(594)
Proceeds from sale of subsidiary		(340)	3,306	21,838
Payments for acquisition of subsidiaries		(4,747)	(3,241)	(21,407)
Payments for business transfer		(757)	(335)	(2,214)
Other proceeds		279	370	2,447
Other payments		(2,390)	(1,536)	(10,144)
Net cash used in investing activities		(47,496)	(35,808)	(236,499)

Consolidated Statement of Cash Flows
HOYA Corporation and its Subsidiaries
For the year ended 31 March 2024-Continued

	Notes	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
		For the year ended 31 March 2023	For the year ended 31 March 2024	For the year ended 31 March 2024
Cash flows from financing activities				
Dividends paid to owners of the Company		(39,794)	(38,778)	(256,113)
Dividends paid to non-controlling interests		(171)	—	—
Net decrease in short-term borrowings	16	(200)	(200)	(1,321)
Proceeds from long-term borrowings	16	—	734	4,846
Repayments of long-term borrowings	16	(169)	(555)	(3,664)
Repayments of lease liabilities	16	(8,618)	(8,873)	(58,600)
Proceeds from sale of treasury shares	20(2)	1	—	—
Payments for purchase of treasury shares	20(2)	(153,973)	(56,052)	(370,198)
Proceeds from exercise of stock options		769	386	2,549
Proceeds from share issuance to non-controlling shareholders	20(4)	7,772	—	—
Repayments to non-controlling interests	20(4)	(208)	—	—
Payments for acquisition of interest in subsidiaries from non-controlling interests	20(4)	—	(7,555)	(49,896)
Net cash used in financing activities		(194,593)	(110,892)	(732,396)
Net increase/(decrease) in cash and cash equivalents		(40,259)	76,102	502,622
Cash and cash equivalents at the beginning of the year		419,404	405,888	2,680,720
Effects of exchange rate changes on the balance of cash and cash equivalents in foreign currencies		26,743	43,172	285,136
Cash and cash equivalents at the end of the year		405,888	525,162	3,468,478

Note:

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

There are no short-term investments within three months as at 31 March 2024.

Notes to the Consolidated Financial Statements
HOYA Corporation and its Subsidiaries
For the year ended 31 March 2024

1. General information

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

2. Basis of consolidated financial statements

(1) Basis of consolidated financial statements

The accompanying consolidated financial statements have been prepared in accordance with IFRS Accounting Standards.

The accompanying consolidated financial statements are stated in Japanese yen.

The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan using the rate of ¥151.41 to \$1, the foreign exchange rate at 31 March 2024. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate. Amounts of less than one million yen and one thousand U.S. dollars have been rounded to the nearest million yen and one thousand U.S. dollars in the presentation of the accompanying consolidated financial statements. As a result, the totals in yen and U.S. dollars do not necessarily agree with the sum of the individual amounts.

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

(2) Effects of adopting new IFRS Accounting Standards

IFRS Accounting Standards	Subject of amendments
IAS 12 (Revised)	Income taxes The disclosure of income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (“OECD”).

The impact of the above standards for this fiscal year is immaterial.

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

At the date of approval of the consolidated financial statements, the following new or revised standards and Interpretations have been announced. However, they are not required to be adopted mandatory before March 2024 and the Group has not adopted them early. The impact of the adoption of IFRS 18 is currently under consideration.

The impact of the adoption of other standards on the consolidated financial statements of the Group is immaterial.

IFRS Accounting Standards		Mandatory adoption (from the year beginning)	To be adopted by the Group from the year ending	Subject of new standards/amendments
IFRS 10 (Revised)	Consolidated Financial Statements	Not determined	Not determined	Amendments to the accounting treatment for sale or contribution of assets between an investor and its associate or joint venture
IAS 28 (Revised)	Investments in Associates and Joint Ventures			
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027	Fiscal Year 2028	- Improved comparability in the income statement - Increased transparency of management-defined performance measures (MPMs) - More useful groupings of information in financial statements

3. Material accounting policies

(1) Basis of preparation

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

(2) Basis of consolidation

① Subsidiaries

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

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

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

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

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

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

② Investments in associates

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

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

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

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

③ Joint arrangements

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

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

(3) Business combinations

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

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

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

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

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

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

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

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

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

(4) Foreign currencies

① Foreign currency transactions

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

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

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

② Financial statements of foreign operations

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

(5) Property, plant and equipment

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

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

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

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

Buildings and structures: 3-50 years

Machinery and carriers: 3-10 years

Tools, equipment and fixtures: 2-10 years

(6) Leases

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

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

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

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

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

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

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

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

(7) Intangible assets

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

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

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

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

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

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

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

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

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

③ Amortisation of intangible assets

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

Technology: 10-20 years

Customer related assets: 5-16 years

Software: 3-5 years

④ Derecognition of intangible assets

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

(8) Goodwill

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

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

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

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

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

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

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

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

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

(10) Derivative financial instruments

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

(11) Financial assets other than derivative financial instruments

① Initial recognition and measurement

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

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

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

② Financial assets measured at amortised cost

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

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

③ Financial assets classified as FVTOCI

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

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

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

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

④ Financial assets classified as FVTPL

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

⑤ Impairment of financial assets

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

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

⑥ Derecognition of financial assets

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

(12) Inventories

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

(13) Cash and cash equivalents

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

(14) Assets held for sale

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

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

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

(15) Treasury shares

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

(16) Share-based payments

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

① Equity-settled share-based payment transactions

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

② Cash-settled share-based payment transactions

Cash-settled share-based payments are granted to directors, executive officers and certain employees. The corresponding liabilities are measured by the fair value of the liabilities and recorded as an expense over the vesting period, with the same amount recognised as an increase in liabilities. The Company remeasures the fair value of the liabilities on the closing date and recognise changes in fair value as profit or loss.

Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 22 "Share-based payments".

(17) Dividend distributions

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

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

① Financial liabilities

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

② Financial liabilities classified as FVTPL

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

③ Financial liabilities measured at amortised cost

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

④ Derecognition of financial liabilities

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

⑤ Financial guarantee contracts

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

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

(19) Retirement benefit costs

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

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

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

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

Defined benefit costs are categorised as follows:

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

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

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

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

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

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

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

The types of provisions are as follows:

① Asset retirement obligation

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

② Warranties provision

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

③ Contingent liabilities assumed in a business combination

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

(21) Revenue

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

Step 1: Identify the contracts with customers

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

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

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

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

(22) Government grants

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

(23) Income taxes

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

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

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

Deferred tax assets or liabilities are not recognised for:

- Temporary differences arising from the initial recognition of goodwill
- Temporary differences arising from the initial recognition of an asset or liability in a transaction that is not a business combination; affects neither accounting profit nor taxable profit; and does not give rise to equal taxable and deductible temporary differences
- Taxable temporary differences associated with investments in subsidiaries and associates where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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

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

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

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

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

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

(24) Earnings per share

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

(25) Reclassification

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

4. Critical accounting judgements and key sources of estimation uncertainty

(1) Application of estimates and judgements

In preparing the consolidated financial statements, management uses estimates and judgments.

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

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

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

The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant.

Actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

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

(2) Key sources of risk and estimation uncertainty

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

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

Global economic stagnation and the occurrence of natural disasters may have a significant impact on future profitability of the Group.

Future profitability of the Group may affect the estimates for the following:

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

5. Operating segment information

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

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

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

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

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

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

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

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

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

(2) Segment revenues and results

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

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

For the year ended 31 March 2023	Life Care	Information Technology	Other	Total	Adjustments	Consolidated
Revenue from external customers	474,628	244,338	4,615	723,582	—	723,582
Inter-segment sales	3	213	19	235	(235)	—
Total	474,631	244,552	4,634	723,816	(235)	723,582
Interest income	2,387	1,586	7	3,979	3,678	7,657
Interest expense	(2,039)	(683)	(3)	(2,725)	1,795	(930)
Depreciation and amortisation	(28,140)	(20,630)	(321)	(49,092)	(524)	(49,615)
Share of profit (loss) of associates	71	32	—	102	(20)	83
Impairment losses	(524)	(558)	—	(1,082)	—	(1,082)
Others	(352,066)	(104,630)	(3,379)	(460,076)	(3,786)	(463,862)
Segment profit before tax	94,319	119,667	938	214,923	909	215,832
Other disclosure						
Capital expenditure	24,480	17,500	197	42,177	1,291	43,468

Note:

Adjustments to segment profit before tax of 909 million yen for the year ended 31 March 2023 consist of inter-segment transaction elimination of (30) million yen and the profit or loss of the Company's headquarters (after elimination of dividend income from Group companies) of 939 million yen.

For the year ended 31 March 2024	Life Care	Information Technology	Other	Total	Adjustments	Consolidated
Revenue from external customers	530,024	228,328	4,259	762,610	—	762,610
Inter-segment sales	3	603	8	615	(615)	—
Total	530,027	228,931	4,267	763,225	(615)	762,610
Interest income	6,644	3,130	13	9,787	6,482	16,269
Interest expense	(3,172)	(1,492)	(1)	(4,665)	3,505	(1,160)
Depreciation and amortisation	(30,830)	(15,663)	(174)	(46,666)	(549)	(47,215)
Share of profit (loss) of associates	224	56	—	280	131	411
Impairment losses	(879)	(7,952)	—	(8,831)	—	(8,831)
Others	(381,043)	(99,104)	(210)	(480,357)	(5,163)	(485,520)
Segment profit before tax	120,971	107,906	3,896	232,773	3,791	236,564
Other disclosure						
Capital expenditure	37,039	19,801	69	56,910	38	56,947

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

For the year ended 31 March 2024	Life Care	Information Technology	Other	Total	Adjustments	Consolidated
Revenue from external customers	3,500,588	1,508,009	28,127	5,036,723	—	5,036,723
Inter-segment sales	23	3,985	54	4,061	(4,061)	—
Total	3,500,610	1,511,993	28,180	5,040,784	(4,061)	5,036,723
Interest income	43,880	20,670	89	64,639	42,810	107,450
Interest expense	(20,952)	(9,851)	(8)	(30,811)	23,146	(7,665)
Depreciation and amortisation	(203,620)	(103,445)	(1,148)	(308,212)	(3,625)	(311,837)
Share of profit (loss) of associates	1,481	370	—	1,851	866	2,717
Impairment losses	(5,804)	(52,522)	—	(58,326)	—	(58,326)
Others	(2,516,631)	(654,543)	(1,384)	(3,172,558)	(34,097)	(3,206,656)
Segment profit before tax	798,966	712,673	25,729	1,537,368	25,039	1,562,407
Other disclosure						
Capital expenditure	244,626	130,779	459	375,864	250	376,114

Note:

Adjustments to segment profit before tax of 3,791 million yen (25,039 thousand U.S. dollars) for the year ended 31 March 2024 consist of inter-segment transaction elimination of 30 million yen (196 thousand U.S. dollars) and the profit or loss of the Company's headquarters (after elimination of dividend income from Group companies) of 3,761 million yen (24,842 thousand U.S. dollars).

(3) Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services for the years ended 31 March 2023 and 2024:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2023	For the year ended 31 March 2024	For the year ended 31 March 2024
Life Care			
Health Care related products	351,617	393,661	2,599,964
Medical related products	123,011	136,363	900,623
Life Care total	474,628	530,024	3,500,588
Information Technology			
Electronics related products	208,199	189,274	1,250,075
Imaging related products	36,140	39,054	257,933
Information Technology total	244,338	228,328	1,508,009
Other	4,615	4,259	28,127
Total revenue from external customers	723,582	762,610	5,036,723

(4) Information about geographical areas

Revenue from external customers

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2023	For the year ended 31 March 2024	For the year ended 31 March 2024
Japan	170,056	177,074	1,169,499
U.S.A.	105,168	117,473	775,857
China	72,246	78,303	517,157
Singapore	76,521	58,112	383,805
South Korea	42,629	51,165	337,926
Others	256,961	280,484	1,852,478
Total	723,582	762,610	5,036,723

Note:

Geographical areas are based on the location of the customers.

The amount of non-current assets in South Korea is insignificant; therefore, it is included in Others.

Non-current assets

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2023	For the year ended 31 March 2024	For the year ended 31 March 2024
U.S.A.	63,961	72,844	481,102
China	34,299	41,800	276,070
Japan	37,457	39,598	261,525
Singapore	20,842	21,459	141,730
Vietnam	17,105	18,129	119,734
Others	87,585	91,180	602,203
Total	261,249	285,009	1,882,364

Note:

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

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

Revenue from external customers in Vietnam is insignificant; therefore, it is included in Others.

(5) Information about major customers

Information is omitted because there are no external customers whose revenue from transactions with a single external customer exceeds 10% of the Group's revenue.

6. Property, plant and equipment

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

(Millions of Yen)

<u>Cost</u>	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Right-of-use assets	Total
Balance at 1 April 2022	122,061	343,290	78,271	8,478	22,888	38,222	613,210
Additions	705	2,947	2,370	—	26,473	10,194	42,690
Acquisitions through business combinations	79	1,092	59	—	1,390	202	2,822
Disposals (i)	(2,098)	(4,273)	(2,258)	(743)	(32)	(6,167)	(15,573)
Transfer to assets held for sale	76	71	18	—	—	—	165
Transfer from construction in progress	3,164	14,728	2,736	—	(20,628)	—	—
Effect of foreign currency exchange differences	6,080	14,412	2,757	214	929	1,240	25,633
Others	(226)	(2,115)	1,164	—	372	221	(585)
Balance at 31 March 2023	129,842	370,151	85,118	7,949	31,391	43,912	668,363
Additions	1,243	2,705	3,555	—	35,196	13,333	56,032
Acquisitions through business combinations	—	—	17	—	0	—	17
Disposals (i)	(3,798)	(11,869)	(4,217)	(300)	(57)	(9,741)	(29,981)
Transfer from construction in progress	3,270	16,779	2,569	—	(22,618)	—	—
Effect of foreign currency exchange differences	9,885	25,261	6,473	303	1,708	2,914	46,544
Others	13	(2,693)	671	—	16	(121)	(2,114)
Balance at 31 March 2024	140,456	400,333	94,187	7,952	45,637	50,297	738,861

(Millions of Yen)

<u>Accumulated depreciation and impairment losses</u>	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Right-of-use assets	Total
Balance at 1 April 2022	(80,561)	(296,061)	(49,535)	(916)	(8)	(16,466)	(443,546)
Depreciation expense	(4,549)	(25,105)	(5,064)	—	—	(8,327)	(43,045)
Impairment losses (ii)	(335)	(31)	(0)	—	(564)	(151)	(1,081)
Disposals (i)	1,737	4,239	2,086	—	7	6,116	14,185
Transfer to assets held for sale	(29)	(7)	(7)	—	—	—	(42)
Effect of foreign currency exchange differences	(3,629)	(12,331)	(2,149)	—	(17)	(538)	(18,664)
Others	75	1,865	456	—	—	81	2,478
Balance at 31 March 2023	(87,290)	(327,432)	(54,211)	(916)	(582)	(19,284)	(489,715)
Depreciation expense	(4,920)	(21,151)	(5,621)	—	—	(8,889)	(40,581)
Impairment losses (ii)	—	(4,069)	(748)	—	(3,016)	—	(7,833)
Disposals (i)	3,672	11,678	4,078	—	7	8,472	27,907
Effect of foreign currency exchange differences	(6,073)	(22,072)	(4,355)	—	(191)	(1,247)	(33,938)
Others	(53)	2,673	979	—	(142)	67	3,523
Balance at 31 March 2024	(94,664)	(360,374)	(59,878)	(916)	(3,924)	(20,881)	(540,637)

(Millions of Yen)

<u>Carrying amount</u>	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Right-of-use assets	Total
Balance at 1 April 2022	41,501	47,230	28,736	7,561	22,880	21,756	169,665
Balance at 31 March 2023	42,552	42,720	30,906	7,033	30,810	24,627	178,648
Balance at 31 March 2024	45,792	39,960	34,309	7,035	41,713	29,416	198,225

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

<u>Cost</u>	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Right-of-use assets	Total
Balance at 31 March 2023	857,555	2,444,696	562,166	52,499	207,327	290,018	4,414,261
Additions	8,210	17,862	23,481	—	232,454	88,060	370,067
Acquisitions through business combinations	—	—	113	—	3	—	115
Disposals (i)	(25,083)	(78,391)	(27,849)	(1,984)	(374)	(64,333)	(198,013)
Transfer from construction in progress	21,597	110,815	16,970	—	(149,382)	—	—
Effect of foreign currency exchange differences	65,284	166,837	42,753	2,002	11,282	19,244	307,403
Others	89	(17,786)	4,430	—	105	(800)	(13,962)
Balance at 31 March 2024	927,652	2,644,034	622,064	52,517	301,416	332,189	4,879,871

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

<u>Accumulated depreciation and impairment losses</u>	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Right-of-use assets	Total
Balance at 31 March 2023	(576,515)	(2,162,549)	(358,041)	(6,051)	(3,843)	(127,363)	(3,234,363)
Depreciation expense	(32,492)	(139,694)	(37,125)	—	—	(58,711)	(268,022)
Impairment losses (ii)	—	(26,872)	(4,941)	—	(19,919)	—	(51,732)
Disposals (i)	24,253	77,125	26,936	—	44	55,955	184,313
Effect of foreign currency exchange differences	(40,108)	(145,779)	(28,764)	—	(1,260)	(8,233)	(224,144)
Others	(351)	17,651	6,467	—	(940)	442	23,269
Balance at 31 March 2024	(625,214)	(2,380,118)	(395,468)	(6,051)	(25,918)	(137,910)	(3,570,679)

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

<u>Carrying amount</u>	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Right-of-use assets	Total
Balance at 31 March 2024	302,438	263,916	226,596	46,466	275,498	194,279	1,309,192

Note:

(i) Gain and loss arising from the sale or disposal of property, plant and equipment for the years ended 31 March 2023 and 2024, are set out in Note 24 “Revenue and expenses (excluding finance income and costs)”. Gain and loss on sale of assets held for sale are included in ‘gain on sale of property, plant and equipment’ and ‘loss on sale of property, plant and equipment’ in Note 24.

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

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

Details of commitments for the acquisition of property, plant and equipment are set out in Note 33 “Commitments for expenditure”. There is no borrowing cost capitalised and included in the cost of acquisition of property, plant and equipment.

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

(Millions of Yen)

<u>Right-of-use assets</u>	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Others	Total
Balance at 31 March 2023	18,735	1,084	238	4,571	1	24,629
Balance at 31 March 2024	21,684	1,852	376	5,504	0	29,416

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

<u>Right-of-use assets</u>	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Others	Total
Balance at 31 March 2024	143,212	12,232	2,485	36,349	1	194,280

7. Leases

(Lessee)

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

Details of expenses relating to leases are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2023	For the year ended 31 March 2024	For the year ended 31 March 2024
Depreciation of right-of-use assets			
Buildings and structures	7,202	7,670	50,660
Machinery and carriers	631	819	5,407
Tools, equipment and fixtures	293	174	1,149
Land	199	226	1,495
Software	2	1	6
Total	8,328	8,890	58,717
Interest expense on lease liabilities	402	652	4,305
Expense relating to short-term leases	1,396	1,479	9,765
Expense relating to leases of low-value assets	518	505	3,335
Expense relating to variable lease payments (Note)	1,034	1,182	7,806

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

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

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

For the year ended 31 March 2023 and 2024, total cash outflows for leases are 11,566 million yen and 12,038 million yen (79,505 thousand U.S. dollars) for each period.

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

(Lessor)

① Finance leases

The Group leases its products and merchandises as a lessor.

Profit from finance lease contracts is as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2023	For the year ended 31 March 2024	For the year ended 31 March 2024
Finance income on the net investment in the lease	39	18	119

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

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2023	As at 31 March 2024	As at 31 March 2024
Not later than one year	574	756	4,996
Later than one year but not later than two years	464	683	4,512
Later than two years but not later than three years	343	497	3,280
Later than three years but not later than four years	219	354	2,340
Later than four years but not later than five years	139	192	1,270
Later than five years	259	262	1,731
Total	1,998	2,745	18,129
Unearned finance income	(94)	(151)	(998)
Net investment on the lease	1,904	2,594	17,131

8. Goodwill and intangible assets

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

(Millions of Yen)

Cost	Goodwill	Intangible assets				
		Software	Technology	Customer related assets	Others (i)	Total
Balance at 1 April 2022	55,788	25,194	23,348	35,411	6,674	90,626
Additions	—	682	—	—	96	778
Acquisitions through business combinations	5,027	16	—	3,180	11	3,207
Disposals	(235)	(1,148)	(304)	—	(95)	(1,548)
Transfer to assets held for sale	815	31	—	—	19	49
Effect of foreign currency exchange differences	2,595	941	1,993	2,487	442	5,863
Others	—	(133)	—	82	(293)	(345)
Balance at 31 March 2023	63,991	25,582	25,036	41,160	6,853	98,632
Additions	—	780	—	—	136	915
Acquisitions through business combinations	118	0	—	162	15	177
Disposals	—	(3,688)	—	(379)	(3)	(4,070)
Effect of foreign currency exchange differences	8,166	1,293	3,279	4,736	784	10,093
Others	—	11	19	23	0	53
Balance at 31 March 2024	72,275	23,979	28,335	45,701	7,786	105,801

(Millions of Yen)

Accumulated amortisation and impairment losses	Goodwill	Intangible assets				
		Software	Technology	Customer related assets	Others	Total
Balance at 1 April 2022	(16,141)	(21,712)	(11,605)	(16,781)	(4,760)	(54,859)
Amortisation expense (ii)	—	(1,138)	(1,783)	(3,328)	(321)	(6,570)
Impairment losses (iii)	—	(1)	—	—	—	(1)
Disposals	235	925	304	—	93	1,322
Transfer to assets held for sale	—	(9)	—	—	(8)	(17)
Effect of foreign currency exchange differences	(1,267)	(785)	(970)	(1,055)	(322)	(3,132)
Others	—	(4)	38	30	293	357
Balance at 31 March 2023	(17,173)	(22,724)	(14,016)	(21,135)	(5,025)	(62,900)
Amortisation expense (ii)	—	(1,015)	(1,855)	(3,486)	(279)	(6,634)
Impairment losses (iii)	—	(120)	—	—	—	(120)
Disposals	—	3,676	—	379	2	4,057
Effect of foreign currency exchange differences	(2,360)	(1,134)	(1,916)	(2,516)	(571)	(6,137)
Others	—	7	1	(34)	0	(26)
Balance at 31 March 2024	(19,533)	(21,309)	(17,785)	(26,791)	(5,873)	(71,759)

(Millions of Yen)

<u>Carrying amount</u>	Goodwill	Intangible assets				
		Software	Technology	Customer related assets	Others	Total
Balance at 1 April 2022	39,648	3,482	11,743	18,630	1,913	35,768
Balance at 31 March 2023	46,818	2,858	11,021	20,025	1,828	35,732
Balance at 31 March 2024	52,742	2,670	10,549	18,910	1,913	34,042

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

<u>Cost</u>	Goodwill	Intangible assets				
		Software	Technology	Customer related assets	Others (i)	Total
Balance at 31 March 2023	422,634	168,959	165,355	271,844	45,264	651,422
Additions	—	5,151	—	—	895	6,046
Acquisitions through business combinations	779	1	—	1,067	100	1,168
Disposals	—	(24,355)	—	(2,506)	(17)	(26,878)
Effect of foreign currency exchange differences	53,931	8,540	21,659	31,282	5,179	66,659
Others	—	75	124	152	1	352
Balance at 31 March 2024	477,344	158,372	187,138	301,839	51,422	698,770

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

<u>Accumulated amortisation and impairment losses</u>	Goodwill	Intangible assets				
		Software	Technology	Customer related assets	Others	Total
Balance at 31 March 2023	(113,419)	(150,084)	(92,568)	(139,586)	(33,189)	(415,427)
Amortisation expense (ii)	—	(6,702)	(12,249)	(23,023)	(1,841)	(43,814)
Impairment losses (iii)	—	(791)	—	—	—	(791)
Disposals	—	24,277	—	2,506	15	26,798
Effect of foreign currency exchange differences	(15,587)	(7,487)	(12,652)	(16,617)	(3,774)	(40,530)
Others	—	48	5	(226)	2	(171)
Balance at 31 March 2024	(129,006)	(140,739)	(117,464)	(176,946)	(38,787)	(473,935)

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

<u>Carrying amount</u>	Goodwill	Intangible assets				
		Software	Technology	Customer related assets	Others	Total
Balance at 31 March 2024	348,338	17,633	69,674	124,893	12,635	224,834

Note:

- (i) There were no significant internally generated intangible assets for the years ended 31 March 2023 and 2024.
- (ii) Amortisation expense is included in the line item ‘Depreciation and amortisation’ in the consolidated statement of comprehensive income.
- (iii) Details of impairment losses are set out in Note 9 “Impairment losses”.

No intangible assets have been pledged as collateral to secure the debt.

There is no restriction on legal title of these assets. Details of commitments for the acquisition of intangible assets are set out in Note 33 “Commitments for expenditure”.

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

		As at 31 March 2023		As at 31 March 2024	
		Carrying amount (Millions of Yen)	Remaining useful lives (Years)	Carrying amount (Millions of Yen)	Carrying amount (Thousands of U.S. Dollars (Note 2))
Technology	Health Care related products	1,212	5	1,054	6,964
	Medical related products	9,805	6	9,490	62,677
Customer related assets	Health Care related products	14,520	8	13,357	88,217
	Medical related products	4,102	10	4,032	26,632

9. Impairment losses

The following are the details of impairment losses recognised.

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

	(Millions of Yen) For the year ended 31 March 2023	(Millions of Yen) For the year ended 31 March 2024	(Thousands of U.S. Dollars (Note 2)) For the year ended 31 March 2024
Buildings and structures	335	—	—
Machinery and equipment	31	4,069	26,872
Tools, equipment and fixtures	0	748	4,941
Construction in progress	564	3,016	19,919
Right-of-use assets	151	—	—
Total impairment losses on property, plant and equipment	1,081	7,833	51,732
Software	1	120	791
Total impairment losses on intangible assets	1	120	791
Asset held for sale	—	879	5,804
Total impairment losses	1,082	8,831	58,326

(1) Cash-generating units

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

(2) Impairment losses on assets in business units

For the year ended 31 March 2023

In the corresponding year, the impairment loss of 1,082 million yen (8,106 thousand U.S. dollars) was recognised. The asset group for the products of the Asian subsidiaries of Ophthalmic medical equipment and Medical endoscopes in the Life care business has been reduced to the recoverable amount due to plant closures and other dormant operations resulting from the recollection of manufacturing site. The asset group for the products of the Asian subsidiaries of Glass disks for hard disk drives in Information Technology business has been reduced to the recoverable amount due to idle manufacturing facilities. The recoverable amount of the asset group was measured at fair value less related selling costs, which is mainly based on market approach and categorised as Level 3 of the fair value hierarchy as it contains unobservable inputs such as third party's valuation.

	(Millions of Yen)
	Impairment losses
Life Care	
Medical related products:	
(Ophthalmic medical equipment)	
Property, plant and equipment	
Buildings and structures	208
Machinery and carriers	10
Construction in progress	5
Right-of-use assets	151
(Medical endoscopes)	
Property, plant and equipment	
Buildings and structures	127
Machinery and carriers	21
Information Technology	
Electronics related products:	
(Glass disks for hard disk drives (HDDs))	
Property, plant and equipment	
Tools, equipment and fixtures	0
Construction in progress	558
Total impairment losses on property, plant and equipment	1,081
Life Care	
Medical related products:	
(Ophthalmic medical equipment)	
Intangible assets	
Software	1
Total impairment losses on intangible assets	1
Total	1,082

For the year ended 31 March 2024

In the corresponding year, the impairment losses of 7,952 million yen (52,522 thousand U.S. dollars) was recognised. The asset group for the products of the Asian subsidiaries of Glass disks for hard disk drives (HDDs) and Light source in the Information technology business has been reduced to the recoverable amount due to idle manufacturing facilities. The recoverable amount of the asset group was measured at fair value less related selling costs, which is mainly based on market approach and categorised as Level 3 of the fair value hierarchy as it contains unobservable inputs such as third party's valuation.

	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	Impairment losses	Impairment losses
Information Technology		
Electronics related products:		
(Glass disks for hard disk drives (HDDs))		
Property, plant and equipment		
Machinery and carriers	4,055	26,779
Tools, equipment and fixtures	748	4,940
Construction in progress	3,016	19,919
Imaging related products:		
(Light source)		
Property, plant and equipment		
Machinery and carriers	14	92
Tools, equipment and fixtures	0	1
Total impairment losses on property, plant and equipment	7,833	51,732
Information Technology		
Electronics related products:		
(Glass disks for hard disk drives (HDDs))		
Intangible assets		
Software	120	791
Total impairment losses on intangible assets	120	791
Total	7,952	52,522

(3) Goodwill allocated to cash-generating units

When the recoverable amount of the goodwill specifically associated with a cash-generating unit is lower than the carrying amount of such goodwill, an impairment loss is recognised and the goodwill is written down to the recoverable amount. The recoverable amount of goodwill allocated to cash-generating units was measured at the value in use and it was determined using cash flow projections based on the financial budgets that had been approved by the Group's management and applying a discount rate of 4.9% to 14.6% per annum which is the cash-generating units' pre-tax WACC. Cash flow projections during the budgeted period are based on the expected gross margins and taking into account inflation. The cash flows beyond the budget period have been extrapolated using a steady annum growth rate which is the projected long-term average growth rate for the main products market. Management believes that any reasonably possible change in the key assumptions (e.g., profit ratio, inflation, the projected long-term average growth rate and the pre-tax WACC) on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

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

As at 31 March 2023					(Millions of Yen)
	Life Care		Other	Total	
	Health Care related products	Medical related products			
	Eyeglass lenses	Medical accessories			
Japan	808	733	—	1,541	
Americas	31,517	7,115	—	38,632	
Europe	788	937	615	2,340	
Asia	4,306	—	—	4,306	
Total	37,419	8,785	615	46,818	

As at 31 March 2024					(Millions of Yen)
	Life Care		Other	Total	
	Health Care related products	Medical related products			
	Eyeglass lenses	Medical accessories			
Japan	803	733	—	1,535	
Americas	35,634	8,275	—	43,908	
Europe	945	1,049	689	2,683	
Asia	4,615	—	—	4,615	
Total	41,997	10,057	689	52,742	

As at 31 March 2024					(Thousands of U.S. Dollars (Note 2))
	Life Care		Other	Total	
	Health Care related products	Medical related products			
	Eyeglass lenses	Medical accessories			
Japan	5,302	4,840	—	10,141	
Americas	235,346	54,651	—	289,997	
Europe	6,240	6,931	4,547	17,718	
Asia	30,481	—	—	30,481	
Total	277,369	66,421	4,547	348,338	

(4) Individual Impairment losses and Reversal of impairment losses

For the year ended 31 March 2024

The assets held for sale by Eyeglass lens European business subsidiary in Life care division have been written down to the recoverable amount because the sales amount is estimated to be below the carrying amount.

	Impairment losses	
	(Millions of yen)	(Thousands of U.S. Dollars (Note 2))
Life Care		
Health Care related products: Eye glass lenses		
Assets held for sale	879	5,804
Total	879	5,804

10. Investments in associates

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

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at / for the year ended 31 March 2023	As at / for the year ended 31 March 2024	As at / for the year ended 31 March 2024
The Group's share of net income (loss)	83	411	2,717
The Group's share of other comprehensive income (loss)	2	122	806
The Group's share of comprehensive income (loss)	85	533	3,523
The Group's share of net assets	971	1,487	9,821

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

Name of associate	Principal activity	Place of incorporation and operation	Segment	Ownership interest (%)	
				As at 31 March 2023	As at 31 March 2024
AVANSTRATE, INC.	Production and sale of glass substrate for thin film transistor (TFT) liquid crystal	JAPAN	Corporate	46.6	46.6
EYE-Q VISION PRIVATE LIMITED	Medical services related to ophthalmology	INDIA	Corporate	24.3	24.3
HTK LENTES OFTALMICAS LTDA	Sale of optical lens	BRAZIL	Life Care	35.6	35.4
JIASHAN CANDEO OPTICAL GLASS CO., LTD.	Production and sale of special glass, such as coloured glass	CHINA	Information Technology	49.0	49.0

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

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at / for the year ended 31 March 2023	As at / for the year ended 31 March 2024	As at / for the year ended 31 March 2024
The Group's unrecognised share of net loss	3,125	4,486	29,628
The Group's unrecognised share of accumulated net loss	19,787	24,273	160,312

11. Deferred taxes and income taxes

(1) Deferred taxes

Details of deferred tax assets and liabilities are as follows:

				(Millions of Yen)
	As at 1 April 2022	Recognised in profit or loss	Recognised in other comprehensive income	As at 31 March 2023
Temporary differences				
Enterprise tax payable	899	(70)	—	829
Write-down of inventories	1,613	92	—	1,704
Allowance for doubtful accounts	499	2	—	502
Provisions	1,493	170	—	1,662
Accrued expenses	3,373	856	—	4,229
Unrealised profit on inventories	4,024	334	—	4,358
Depreciation and amortisation	2,633	81	—	2,714
Impairment losses	426	(30)	—	396
Exchange differences on translating foreign operations	(165)	—	(17)	(181)
Lease liabilities	2,989	75	—	3,064
Others	4,062	(456)	(58)	3,547
Subtotal	21,846	1,053	(75)	22,824
Undistributed retained earnings of subsidiaries	(7,618)	(1,516)	—	(9,134)
Depreciation and amortisation	(8,543)	(86)	—	(8,629)
Right-of-use assets	(3,162)	(48)	—	(3,210)
Financial assets measured at fair value through other comprehensive income	(3,832)	—	1,767	(2,066)
Others	(1,776)	(539)	—	(2,315)
Subtotal	(24,932)	(2,189)	1,767	(25,353)
Tax loss carryforwards and tax credits				
Tax loss carryforwards	2,088	160	—	2,248
Tax credits	16	116	—	132
Subtotal	2,104	276	—	2,380
Total	(981)	(860)	1,691	(150)

Note:

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

(Millions of Yen)

	As at 1 April 2023	Recognised in profit or loss	Recognised in other comprehensive income	As at 31 March 2024
Temporary differences				
Enterprise tax payable	829	(52)	—	776
Write-down of inventories	1,704	46	—	1,751
Allowance for doubtful accounts	502	(42)	—	459
Provisions	1,662	(129)	—	1,533
Accrued expenses	4,229	729	—	4,959
Unrealised profit on inventories	4,358	728	—	5,086
Depreciation and amortisation	2,714	765	—	3,479
Impairment losses	396	1	—	397
Exchange differences on translating foreign operations	(181)	—	(43)	(225)
Lease liabilities	3,064	(147)	—	2,917
Others	3,547	(474)	(6)	3,067
Subtotal	22,824	1,425	(50)	24,199
Undistributed retained earnings of subsidiaries	(9,134)	(3,358)	—	(12,492)
Depreciation and amortisation	(8,629)	495	—	(8,134)
Right-of-use assets	(3,210)	103	—	(3,107)
Financial assets measured at fair value through other comprehensive income	(2,066)	—	(312)	(2,378)
Others	(2,315)	(858)	—	(3,173)
Subtotal	(25,353)	(3,618)	(312)	(29,284)
Tax loss carryforwards and tax credits				
Tax loss carryforwards	2,248	694	—	2,942
Tax credits	132	256	—	388
Subtotal	2,380	951	—	3,330
Total	(150)	(1,242)	(362)	(1,754)

Note:

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

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

	As at 1 April 2023	Recognised in profit or loss	Recognised in other comprehensive income	As at 31 March 2024
Temporary differences				
Enterprise tax payable	5,474	(347)	—	5,128
Write-down of inventories	11,256	307	—	11,563
Allowance for doubtful accounts	3,314	(279)	—	3,034
Provisions	10,980	(855)	—	10,125
Accrued expenses	27,933	4,817	—	32,750
Unrealised profit on inventories	28,782	4,811	—	33,593
Depreciation and amortisation	17,925	5,053	—	22,978
Impairment losses	2,614	7	—	2,621
Exchange differences on translating foreign operations	(1,198)	—	(286)	(1,483)
Lease liabilities	20,234	(968)	—	19,267
Others	23,428	(3,132)	(43)	20,253
Subtotal	150,743	9,413	(329)	159,827
Undistributed retained earnings of subsidiaries	(60,326)	(22,179)	—	(82,505)
Depreciation and amortisation	(56,992)	3,270	—	(53,722)
Right-of-use assets	(13,643)	0	(2,064)	(15,707)
Financial assets measured at fair value through other comprehensive income	(21,199)	679	—	(20,520)
Others	(15,288)	(5,665)	—	(20,953)
Subtotal	(167,449)	(23,894)	(2,064)	(193,407)
Tax loss carryforwards and tax credits				
Tax loss carryforwards	14,845	4,586	—	19,431
Tax credits	872	1,691	—	2,563
Subtotal	15,717	6,278	—	21,995
Total	(990)	(8,203)	(2,392)	(11,585)

Note:

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

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

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2023	As at 31 March 2024	As at 31 March 2024
Tax loss carryforwards	10,003	9,699	64,056
Deductible temporary differences	2,567	1,300	8,586
Total	12,571	10,999	72,643

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

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars Note 2))
	As at 31 March 2023	As at 31 March 2024	As at 31 March 2024
Year 1	104	918	6,062
Year 2	840	742	4,898
Year 3	1,220	584	3,857
Year 4	399	647	4,275
Year 5 or later	7,441	6,807	44,960
Total	10,003	9,699	64,056

The aggregate amounts of temporary differences associated with undistributed retained earnings of the subsidiaries for which deferred tax liabilities have not been recognised at 31 March 2023 and 2024, were 395,586 million yen and 518,026 million yen (3,421,344 thousand U.S. dollars) for each period. No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences, and it is probable that such differences will not reverse in the foreseeable future.

(2) Income taxes

In Japan, the normal effective statutory tax rates are 30.5% for each of the years ended 31 March 2023 and 2024.

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

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

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2023	For the year ended 31 March 2024	For the year ended 31 March 2024
Current tax expense: (i)			
Current year	46,949	52,272	345,233
Prior years	167	418	2,763
Total current tax expense	47,116	52,690	347,996
Deferred tax expense: (ii)			
Origination and reversal of temporary difference	(26)	1,083	7,152
Changes in tax rates	(46)	225	1,483
Total deferred tax expense	(72)	1,308	8,636
Total income tax expense	47,044	53,998	356,632

Note:

(i) "Current tax expense" includes previously unrecognised tax benefits from tax loss carryforwards, tax credits and deductible temporary differences. These benefits were 91 million yen and 69 million yen (456 thousand U.S. dollars) for the years ended 31 March 2023 and 2024 for each period.

(ii) "Deferred tax expense" includes previously unrecognised tax benefits from tax loss carryforwards, tax credits, deductible temporary differences, and expenses or benefits arising from write-downs of deferred tax assets or the reversal of previous write-downs of deferred tax assets. These effects increased the deferred tax expense by 182 million yen and decreased the tax expense 213 million yen (1,404 thousand U.S. dollars) for the years ended 31 March 2023 and 2024, for each period.

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

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

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

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

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

On July 3, 2023, the Company received a written verdict from the Tribunal, to dismiss the claim. The Company disagrees with the findings of the reassessment notice and expects to appeal the findings in court to seek cancellation of all the reassessments by the tax authorities. Consequently, the paid amount of 8,000 million yen is included in "Other current assets" as a suspense payment.

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

	For the year ended 31 March 2023	For the year ended 31 March 2024
Effective statutory tax rate	30.5%	30.5%
Expenses not deductible for tax purposes	0.5%	0.5%
Income not taxable for tax purposes	(0.0%)	(0.2%)
Effect of unrecognised deferred tax assets	0.2%	0.5%
Impact of different tax rates applied to overseas subsidiaries	(12.3%)	(11.6%)
Profits and losses on investments in associates	(0.0%)	(0.2%)
Adjustment on deferred tax assets and liabilities due to the change of corporate tax rate	(0.0%)	-%
Tax rate difference due to the elimination of unrealised profit on inventories	0.1%	(0.1%)
Increase/decrease in deferred tax liabilities related to undistributed earnings of foreign subsidiaries	1.1%	1.4%
Prior year income taxes	0.1%	0.2%
Foreign withholding tax arising from dividends from subsidiaries	0.9%	0.6%
Others	0.7%	1.2%
Actual tax rate	21.8%	22.8%

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

In December 2021, the OECD (Organisation for Economic Co-operation and Development) published Pillar Two model rules for a global minimum tax of 15%.

In Japan, where the Group's headquarters is located, "The Act for Partial Amendment of the Income Tax Act, etc." (Act No. 3 of 2023) was enacted in March 2023, to introduce a global minimum taxation system in accordance with Pillar Two model rules. Accordingly, this legislation has been applied to the Group in the year beginning from April 2024. The Group is still exploring the impact of the application of this legislation on the Group's financial statements.

12. Other financial assets and liabilities

(1) Details of other financial assets and liabilities

Details of other financial assets and liabilities are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2023	As at 31 March 2024	As at 31 March 2024
Other financial assets			
Other financial assets measured at amortised cost	29,469	29,229	193,044
FVTOCI financial assets	36,213	38,409	253,677
Total	65,682	67,638	446,721
Total non-current assets (long-term financial assets)	45,303	48,401	319,669
Total current assets (other short-term financial assets)	20,379	19,237	127,052

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2023	As at 31 March 2024	As at 31 March 2024
Other financial liabilities			
FVTPL financial liabilities	—	8	55
Other financial liabilities measured at amortised cost	21,787	24,936	164,690
Total	21,787	24,944	164,746
Total non-current liabilities (other long-term financial liabilities)	21,523	24,801	163,799
Total current liabilities (other short-term financial liabilities)	264	143	947

(2) Details of FVTOCI financial assets

Details of FVTOCI financial assets are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2023	As at 31 March 2024	As at 31 March 2024
KIOXIA Holdings Corporation	33,576	34,487	227,772

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

(3) Derecognition of FVTOCI financial assets

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

Details of fair value and cumulative gain or loss in other comprehensive income at the time of selling in the year ended 31 March 2022 and 2023 are as follows:

Fair value			Cumulative gain or loss		
(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
For the year ended 31 March 2023	For the year ended 31 March 2024	For the year ended 31 March 2024	For the year ended 31 March 2023	For the year ended 31 March 2024	For the year ended 31 March 2024
86	64	423	45	(288)	(1,900)

Cumulative gain or loss in other comprehensive income is transferred to retained earnings when FVTOCI assets are derecognised. The amount of cumulative other comprehensive income or loss (after deduction of tax) which was transferred to retained earnings were 31 million yen and (200) million yen ((1,321) thousand U.S. dollars) in the year ended 31 March 2023 and 2024.

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

Derecognised investment			Investment held as at end of fiscal year		
(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
For the year ended 31 March 2023	For the year ended 31 March 2024	For the year ended 31 March 2024	For the year ended 31 March 2023	For the year ended 31 March 2024	For the year ended 31 March 2024
—	—	—	9	10	64

13. Other assets and liabilities

Details of other assets and liabilities are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2023	As at 31 March 2024	As at 31 March 2024
Non-current: Other assets			
Long-term prepaid expenses	458	267	1,766
Others	288	195	1,290
Total	747	463	3,056
Current: Other assets			
Suspense payment (Note)	20,460	20,460	135,133
Prepaid expenses	4,172	4,785	31,600
Refundable consumption taxes	2,387	3,367	22,238
Others	3,602	7,361	48,615
Total	30,622	35,973	237,586

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2023	As at 31 March 2024	As at 31 March 2024
Non-current: Other liabilities			
Liabilities related with share-based payment	2,095	4,961	32,763
Others	725	1,073	7,087
Total	2,820	6,034	39,850
Current: Other liabilities			
Accrued salary/bonus/vacation pay	21,119	24,505	161,848
Other accrued expenses	27,950	31,084	205,296
Advance received/deferred revenue	6,047	7,353	48,566
Accrued consumption taxes	2,683	2,379	15,710
Others	1,595	1,970	13,012
Total	59,394	67,291	444,432

Note:

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

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

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

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

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On July 3, 2023, the Company received a written verdict from the Tribunal, to dismiss the claim. The Company disagrees with the findings of the reassessment notice and expects to appeal the findings in court to seek cancellation of all the reassessments by the tax authorities. Consequently, the paid amount of 8,000 million yen is included in “Other current assets” as a suspense payment.

14. Inventories

Details of inventories are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2023	As at 31 March 2024	As at 31 March 2024
Goods and products	53,241	58,174	384,216
Work in progress	10,511	12,902	85,210
Raw materials	26,365	30,850	203,754
Supplies	15,032	17,150	113,271
Total	105,150	119,076	786,450
Inventories expected to be sold after more than 12 months	48	30	201

The cost of inventories recognised as an expense during the years ended 31 March 2023 and 2024, was 306,818 million yen and 317,455 million yen (2,096,656 thousand U.S. dollars) for each period.

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

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2023	For the year ended 31 March 2024	For the year ended 31 March 2024
Amount of write-down	2,063	1,868	12,336
Amount of reversal of write- down	—	—	—

15. Trade and other receivables

Details of trade and other receivables are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2023	As at 31 March 2024	As at 31 March 2024
Accounts receivable	138,359	144,598	955,007
Notes receivable and electronically recorded monetary claims-operating	5,498	8,022	52,985
Other receivables	2,406	2,653	17,523
Allowance for doubtful accounts	(3,069)	(2,667)	(17,617)
Total	143,194	152,606	1,007,897

The credit terms for customers are set between 30 days and 90 days for health care related products, between 15 days and 120 days for medical related products, between 10 days and 90 days for electronics related products, between 30 days and 180 days for imaging related products, and between 45 days and 60 days for other business products.

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

16. Interest-bearing debt

Details of interest-bearing debt are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))	Average interest rate (%) (i)	Due
	As at 31 March 2023	As at 31 March 2024	As at 31 March 2024		
Long-term bank loans (excluding current portion)	1,166	1,560	10,306	2.88	2025-2035
Current portion of long-term bank loans	770	733	4,839	—	—
Short-term bank loans	455	255	1,684	1.26	—
Long-term lease liabilities	14,831	19,030	125,683	2.57	2025-2073
Short-term lease liabilities	7,360	7,662	50,602	2.88	—
Total Interest-bearing debt	24,582	29,240	193,115		
Total Interest-bearing long-term debt	15,997	20,590	135,990		
Total Interest-bearing short-term debt	8,585	8,649	57,126		

Note:

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

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

There is no debt with covenants as at 31 March 2024.

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

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

	As at 1 April 2022	Cash flow	Non-cash changes			As at 31 March 2023
			Change of scope of consolidation	Exchange differences on translation of foreign operations	Others	
Short-term bank loans	655	(200)	—	—	—	455
Long-term bank loans	1,065	(169)	981	60	—	1,936
Lease liabilities	19,879	(8,618)	204	589	10,137	22,191
Total	21,599	(8,988)	1,185	649	10,137	24,582

	As at 1 April 2023	Cash flow	Non-cash changes		As at 31 March 2024
			Exchange differences on translation of foreign operations	Others	
Short-term bank loans	455	(200)	—	—	255
Long-term bank loans	1,936	179	178	—	2,293
Lease liabilities	22,191	(8,873)	692	12,682	26,691
Total	24,582	(8,894)	870	12,682	29,240

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

	As at 1 April 2023	Cash flow	Non-cash changes		As at 31 March 2024
			Exchange differences on translation of foreign operations	Others	
Short-term bank loans	3,005	(1,321)	—	—	1,684
Long-term bank loans	12,786	1,182	1,178	—	15,146
Lease liabilities	146,563	(58,604)	4,568	83,762	176,286
Total	162,354	(58,743)	5,745	83,762	193,115

17. Retirement benefit plans

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

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

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

(1) Defined benefit plans

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

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
		As at 31 March 2023	As at 31 March 2024
Present value of funded defined benefit obligation	7,949	8,614	56,889
Fair value of plan assets	(4,113)	(4,717)	(31,153)
Total	3,837	3,897	25,736
Effect of changes to the asset ceiling	83	227	1,501
Net liability arising from defined benefit plans obligations	3,920	4,124	27,237
Balance in the consolidated statement of financial position			
Liability	4,028	4,315	28,497
Asset (Other non-current assets)	108	191	1,261

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

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2023	For the year ended 31 March 2024	For the year ended 31 March 2024
Service cost			
Current service cost	649	720	4,754
Past service cost	81	9	57
Net interest expense	80	62	409
Components of defined benefit costs recognised in profit or loss	810	790	5,220
Remeasurement of net defined benefit liability			
Return on plan assets	762	83	546
Actuarial gains and losses arising from changes in demographic assumptions	(30)	(3)	(18)
Actuarial gains and losses arising from changes in financial assumptions	(994)	(214)	(1,415)
Actuarial gains and losses arising from experience adjustments	56	31	206
Adjustments for restrictions on the defined benefit asset	55	122	803
Components of defined benefit costs recognised in other comprehensive income	(152)	18	122
Total	659	809	5,342

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

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

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2023	For the year ended 31 March 2024	For the year ended 31 March 2024
Beginning balance	8,322	7,949	52,501
Current service cost	649	720	4,754
Interest cost	204	239	1,578
Remeasurement (gains)/losses			
Actuarial gains and losses arising from changes in demographic assumptions	(30)	(3)	(18)
Actuarial gains and losses arising from changes in financial assumptions	(994)	(214)	(1,415)
Actuarial gains and losses arising from experience adjustments	56	31	206
Past service cost	81	9	57
Decrease due to settlements	(151)	(67)	(442)
Benefits paid	(532)	(685)	(4,527)
Effect of foreign currency exchange differences	345	635	4,193
Ending balance	7,949	8,614	56,889

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

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2023	For the year ended 31 March 2024	For the year ended 31 March 2024
Beginning balance	4,584	4,113	27,162
Interest income	124	181	1,198
Remeasurement gain (loss)			
Return on plan assets (excluding amounts included in net interest expense)	(762)	(83)	(546)
Contributions from the employer	508	281	1,858
Benefits paid	(304)	(288)	(1,901)
Reduction and liquidation	(49)	—	—
Effect of foreign currency exchange differences	11	512	3,382
Ending balance	4,113	4,717	31,153

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

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2023	For the year ended 31 March 2024	For the year ended 31 March 2024
Beginning balance	11	83	551
Interest cost	—	4	28
Remeasurement gain (loss)			
Effect of changes in the asset ceiling	55	122	803
Effect of foreign currency exchange differences	17	18	119
Ending balance	83	227	1,501

The fair values of major categories of plan assets as at 31 March 2023 and 2024 are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2023	As at 31 March 2024	As at 31 March 2024
Cash and cash equivalents	1,637	1,738	11,482
Equity instruments - Foreign equity instruments	714	825	5,449
Debt instruments - Foreign governmental bonds	5	7	46
Debt instruments - Foreign bonds	641	702	4,636
Others	1,116	1,445	9,541
Total	4,113	4,717	31,153

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

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

	As at 31 March 2023	As at 31 March 2024
Discount rate	4.8%	3.8%

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

(2) Defined contribution plans

The total expense recognised was 2,953 million yen and 3,522 million yen (23,263 thousand U.S. dollars) for the years ended 31 March 2023 and 2024 for each period.

(3) Severance payments

Under certain circumstances (such as retirement before the predetermined retirement date), additional payments are made upon retirement. The total expense recognised was 1,218 million yen and 1,074 million yen (7,092 thousand U.S. dollars) for the years ended 31 March 2023 and 2024 for each period.

18. Provisions

Details of provisions are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2023	As at 31 March 2024	As at 31 March 2024
Asset retirement obligation	3,171	3,283	21,682
Warranties provision	1,540	1,686	11,138
Total	4,711	4,969	32,820
Non-current liabilities	3,153	3,265	21,561
Current liabilities	1,558	1,705	11,258

An analysis of the change in provisions is as follows:

	(Millions of Yen)		
	Asset retirement obligation	Warranties provision	Total
Balance at 1 April 2023	3,171	1,540	4,711
Provision for the year	137	539	677
Interest cost associated with passage of time	20	—	20
Reduction resulting from settlement for the year	(198)	(203)	(401)
Reduction resulting from reversal	(9)	(370)	(380)
Effect of foreign currency exchange differences	162	181	342
Balance at 31 March 2024	3,283	1,686	4,969

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

	Asset retirement obligation	Warranties provision	Total
Balance at 1 April 2023	20,941	10,170	31,111
Provision for the year	908	3,561	4,469
Interest cost associated with passage of time	133	—	133
Reduction resulting from settlement for the year	(1,308)	(1,340)	(2,647)
Reduction resulting from reversal	(60)	(2,447)	(2,507)
Effect of foreign currency exchange differences	1,068	1,193	2,261
Balance at 31 March 2024	21,682	11,138	32,820

Note:

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

19. Trade and other payables

Details of trade and other payables are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2023	As at 31 March 2024	As at 31 March 2024
Accounts payable	35,500	38,435	253,850
Notes payable, trade	4,694	6,620	43,721
Processing cost payable	781	1,040	6,872
Other payables	23,296	21,150	139,687
Notes payable for capital investment	350	525	3,467
Total	64,621	67,771	447,597

Notes payable, trade are due 120 days.

Accounts payable are due 30 to 60 days from the invoice date in Asia except for Japan, and due 30 to 150 days from the invoice date in Japan. Accounts payable in Europe and the U.S.A. are mainly payables related to intragroup transactions; thus, upon consolidation, these trade accounts payable are eliminated. The Group arranges cash pooling for Japan, Europe and the U.S.A. to ensure that all payables are paid within the agreed-upon credit terms.

20. Share capital and other equity items

(1) Share capital and capital reserves

	Number of authorised shares (Ordinary shares with no par value)	Number of issued shares (Ordinary shares with no par value)	Number of outstanding shares (Ordinary shares with no par value)	Share capital (Millions of Yen)	Capital reserves (Millions of Yen)	Share capital (Thousands of U.S. Dollars (Note 2))	Capital reserves (Thousands of U.S. Dollars (Note 2))
Balance at 1 April 2022	1,250,519,400	369,702,020	365,108,294	6,264	15,899	41,372	105,004
Decrease (i), (ii)	—	12,741,500	11,119,843	—	—	—	—
Balance at 31 March 2023	1,250,519,400	356,960,520	353,988,451	6,264	15,899	41,372	105,004
Decrease (i), (ii)	—	6,001,800	3,466,976	—	—	—	—
Balance at 31 March 2024	1,250,519,400	350,958,720	350,521,475	6,264	15,899	41,372	105,004

Note:

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

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

(2) Treasury shares and other capital reserves

① Treasury shares

	Numbers of shares	Amount (Millions of Yen)
Balance at 1 April 2022	4,593,726	68,310
Repurchase of treasury shares	11,271,100	153,958
Cancellation of treasury shares	(12,741,500)	(178,757)
Repurchase of odd-lot shares	393	5
Disposal of odd-lot shares	(50)	(1)
Decrease on exercise of stock options	(151,600)	(2,143)
Balance at 31 March 2023	2,972,069	41,374
Repurchase of treasury shares	3,549,600	56,039
Cancellation of treasury shares	(6,001,800)	(89,347)
Repurchase of odd-lot shares	576	10
Decrease on transfer	(3,600)	(56)
Decrease on exercise of stock options	(79,600)	(1,146)
Balance at 31 March 2024	437,245	6,874

	Numbers of shares	Amount (Thousands of U.S. Dollars (Note 2))
Balance at 31 March 2023	2,972,069	273,259
Repurchase of treasury shares	3,549,600	370,117
Cancellation of treasury shares	(6,001,800)	(590,102)
Repurchase of odd-lot shares	576	63
Decrease on transfer	(3,600)	(369)
Decrease on exercise of stock options	(79,600)	(7,568)
Balance at 31 March 2024	437,245	45,399

② Other capital reserves

	Gain (loss) on disposal of treasury shares	Stock option (i)	Others	Total
	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)
Balance at 1 April 2022	(12,952)	2,576	(1,194)	(11,570)
Repurchase of treasury shares	—	—	(9)	(9)
Disposal of treasury shares	(1,208)	(167)	—	(1,374)
Share-based payments (i)	—	33	121	153
Balance at 31 March 2023	(14,160)	2,442	(1,083)	(12,800)
Repurchase of treasury shares	—	—	(3)	(3)
Disposal of treasury shares	(672)	(87)	—	(759)
Share-based payments (i)	—	(3)	83	80
Changes in ownership interest in subsidiaries	—	—	(3,528)	(3,528)
Balance at 31 March 2024	(14,832)	2,353	(4,530)	(17,009)

	Gain (loss) on disposal of treasury shares	Stock option (i)	Others	Total
	(Thousands of U.S. Dollars (Note 2))	(Thousands of U.S. Dollars (Note 2))	(Thousands of U.S. Dollars (Note 2))	(Thousands of U.S. Dollars (Note 2))
Balance at 31 March 2023	(93,521)	16,131	(7,151)	(84,541)
Repurchase of treasury shares	—	—	(19)	(19)
Disposal of treasury shares	(4,437)	(573)	—	(5,010)
Share-based payments (i)	—	(18)	547	529
Changes in ownership interest in subsidiaries	—	—	(23,299)	(23,299)
Balance at 31 March 2024	(97,958)	15,541	(29,922)	(112,339)

Note:

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

(3) Retained earnings and dividends

	Amount (Millions of Yen)
Balance at 1 April 2022	802,815
Profit for the year (attributable to owners of the Company)	168,638
Cancellation of treasury shares	(178,757)
Dividends	(39,822)
Transfer to retained earnings from other comprehensive income	125
Balance at 31 March 2023	752,999
Profit for the year (attributable to owners of the Company)	181,377
Cancellation of treasury shares	(89,347)
Dividends	(38,806)
Transfer to retained earnings from other comprehensive income	(225)
Balance at 31 March 2024	805,997

	Amount (Thousands of U.S. Dollars (Note 2))
Balance at 31 March 2023	4,973,243
Profit for the year (attributable to owners of the Company)	1,197,917
Cancellation of treasury shares	(590,102)
Dividends	(256,300)
Transfer to retained earnings from other comprehensive income	(1,486)
Balance at 31 March 2024	5,323,272

Details of dividends are as follows:

Date of resolution	Dividends per share (Yen)	Dividends per share (U.S. Dollars (Note 2))	Total dividends (Millions of Yen)	Total dividends (Thousands of U.S. Dollars (Note 2))	Record date	Effective date
26 May 2022	65	0.43	23,732	156,740	31 March 2022	1 June 2022
27 October 2022	45	0.30	16,090	106,265	30 September 2022	30 November 2022
24 May 2023	65	0.43	23,009	151,967	31 March 2023	1 June 2023
31 October 2023	45	0.30	15,797	104,334	30 September 2023	30 November 2023
24 May 2024	65	0.43	22,784	150,478	31 March 2024	10 June 2024

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

(4) Non-controlling interests

	Amount (Millions of Yen)
Balance at 1 April 2022	(14,795)
Profit for the year, attributable to non-controlling interests	150
Other comprehensive income	910
Dividends	(171)
Increase (decrease) by business combination	2,646
Change in scope of consolidation	7,772
Change in non-controlling interests	(228)
Balance at 31 March 2023	(3,717)
Profit for the year, attributable to non-controlling interests	1,190
Other comprehensive income	1,809
Changes in ownership interest in subsidiaries	(4,683)
Change in non-controlling interests	(93)
Balance at 31 March 2024	(5,494)

	Amount (Thousands of U.S. Dollars (Note 2))
Balance at 31 March 2023	(24,548)
Profit for the year, attributable to non-controlling interests	7,858
Other comprehensive income	11,945
Changes in ownership interest in subsidiaries	(30,929)
Change in non-controlling interests	(615)
Balance at 31 March 2024	(36,288)

21. Financial instruments

(1) Capital risk management

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

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

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2023	As at 31 March 2024	As at 31 March 2024
Interest-bearing debt	24,582	29,240	193,115
Less: Cash and cash equivalents	405,888	525,162	3,468,478
Net debt	(381,306)	(495,923)	(3,275,363)
Equity	814,604	962,264	6,355,351

In order to maximise the corporate value of the Group, cash flows have been a priority of the Group management. As at 31 March 2023 and 2024, the Group maintained cash and cash equivalent balances in excess of interest-bearing debt balances. The Group is not subject to any externally imposed capital regulations as at 31 March 2024.

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

(2) Material accounting policies

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

(3) Categories of financial instruments

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2023	As at 31 March 2024	As at 31 March 2024
Financial assets			
Financial assets measured at amortised cost			
Trade and other receivables	143,194	152,606	1,007,897
Other financial assets (ii)	29,469	29,229	193,044
FVTOCI financial assets (iv)			
Other financial assets (ii)	36,213	38,409	253,677
Cash and cash equivalents	405,888	525,162	3,468,478
Financial liabilities			
FVTPL financial liabilities (v)			
Trade and other payables	363	387	2,557
Other financial liabilities (iii)	—	8	55
Financial liabilities measured at amortised cost			
Trade and other payables	64,258	67,384	445,040
Interest-bearing debt	24,582	29,240	193,115
Other financial liabilities (iii)	21,787	24,936	164,690

Note:

- (i) The items above are not included in disposal groups held for sale. The Group does not have derivative instruments designated as hedging instruments. Likewise, the Group does not have financial assets or financial liabilities using the fair value option.
- (ii) Other financial assets are included in ‘Long-term financial assets’ or ‘Other short-term financial assets’ in the consolidated statement of financial position.
- (iii) Other financial liabilities are included in ‘Other long-term/short-term financial liabilities’ in the consolidated statement of financial position.
- (iv) FVTOCI financial assets mainly consist of unlisted shares.
- (v) FVTPL financial liabilities mainly consist of contingent considerations resulting from business combinations.
- (vi) There are no significant financial assets or liabilities to be offset as at 31 March 2023 and 2024.

(4) Financial risk management

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

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

(5) Market risk management

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

① Foreign currency risk

1) Foreign currency risk management

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

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

2) Foreign currency sensitivity analysis

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

	For the year ended 31 March 2023	For the year ended 31 March 2024
Average exchange rate (Yen per each currency)		
Thai Baht	3.84	4.12
Euro	141.62	157.72
U.S. dollar	136.00	145.31
Impact on profit for the year (Millions of Yen)		
Thai Baht	(284)	(444)
Euro	(34)	(64)
U.S. dollar	(463)	(317)
Impact on equity (Millions of Yen)		
Thai Baht	(550)	(809)
Euro	(464)	(499)
U.S. dollar	(1,169)	(1,412)

	For the year ended 31 March 2024
Impact on profit for the year (Thousands of U.S. Dollars (Note 2))	
Thai Baht	(2,931)
Euro	(426)
U.S. dollar	(2,094)
Impact on equity (Thousands of U.S. Dollars (Note 2))	
Thai Baht	(5,346)
Euro	(3,297)
U.S. dollar	(9,325)

Note:

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

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

2)-1. Parent company (the Company)

	Euro		U.S. dollar	
	31 March 2023	31 March 2024	31 March 2023	31 March 2024
Trade and other receivables	(29)	(25)	(69)	(79)
Trade and other payables	1	1	14	7
Short-term financial assets	0	(0)	(0)	(0)
Cash and cash equivalents	(5)	(44)	(62)	(105)
Total	(34)	(67)	(117)	(177)

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

	Euro	U.S. dollar
	31 March 2024	31 March 2024
Trade and other receivables	(162)	(523)
Trade and other payables	7	49
Short-term financial assets	(0)	(0)
Cash and cash equivalents	(288)	(694)
Total	(443)	(1,168)

Note:

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

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

2)-2. Holding company (Europe)

	Yen		U.S. dollar	
	31 March 2023	31 March 2024	31 March 2023	31 March 2024
Cash and cash equivalents	(0)	(0)	(1)	(1)
Total	(0)	(0)	(1)	(1)

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

	Yen	U.S. dollar
	31 March 2024	31 March 2024
Cash and cash equivalents	(2)	(8)
Total	(2)	(8)

Note:

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

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

3) Currency derivatives

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

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

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

For the year ended 31 March 2023	Average exchange rate	Foreign currency (mil)	Notional amount	Fair value	(Millions of Yen)	
					(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
N/A						
For the year ended 31 March 2024	Average exchange rate	Foreign currency (mil)	Notional amount	Fair value	Notional amount	Fair value
N/A						

② Interest rate risk management

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

③ Price risks management in equity instruments

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

The sensitivity analysis has been based on the exposure to the price of equity instruments (listed shares) at the end of the reporting period. If equity prices increase or decrease by 5%, accumulated other comprehensive income (pre-tax) would change by 17 million yen and 16 million yen (108 thousand U.S. dollars) as at 31 March 2023 and 2024 for each period as a result of changes in fair value of the equity instruments.

(6) Credit risk management

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

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

Trade receivables consist of a large number of customers across a diverse range of industries and geographical areas. The Group has neither significant credit risk exposure for a specific customer or customer group categorised by similarity, nor concentration of credit risk over 5% of total financial assets as at 31 March 2024.

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

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

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

Impaired or past-due financial assets

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

Balance at 31 March 2023	Total	Within due date	Overdue amounts				
			Within 30 days	31 to 60 days	61 to 90 days	91 to 120 days	Over 120 days
Trade and other receivables (gross)	146,263	125,526	11,338	4,627	969	914	2,889
Allowance for doubtful accounts	(3,069)	(105)	(199)	(431)	(314)	(464)	(1,556)
Trade and other receivables (net)	143,194	125,421	11,138	4,197	655	451	1,332
Other financial assets (gross)	29,866	29,314	—	18	—	—	534
Allowance for doubtful accounts	(398)	(1)	—	—	—	—	(396)
Other financial assets (net)	29,469	29,312	—	18	—	—	138

Balance at 31 March 2024	Total	Within due date	Overdue amounts				
			Within 30 days	31 to 60 days	61 to 90 days	91 to 120 days	Over 120 days
Trade and other receivables (gross)	155,273	133,735	9,104	5,458	2,440	1,392	3,144
Allowance for doubtful accounts	(2,667)	(36)	(54)	(110)	(226)	(612)	(1,629)
Trade and other receivables (net)	152,606	133,699	9,051	5,348	2,213	780	1,515
Other financial assets (gross)	29,636	29,153	12	8	—	—	462
Allowance for doubtful accounts	(407)	(1)	—	—	—	—	(406)
Other financial assets (net)	29,229	29,151	12	8	—	—	57

Balance at 31 March 2024	Total	Within due date	Overdue amounts				
			Within 30 days	31 to 60 days	61 to 90 days	91 to 120 days	Over 120 days
Trade and other receivables (gross)	1,025,514	883,264	60,131	36,046	16,112	9,194	20,767
Allowance for doubtful accounts	(17,617)	(238)	(354)	(725)	(1,496)	(4,042)	(10,762)
Trade and other receivables (net)	1,007,897	883,025	59,777	35,320	14,617	5,152	10,005
Other financial assets (gross)	195,732	192,543	82	54	—	—	3,053
Allowance for doubtful accounts	(2,689)	(10)	—	—	—	—	(2,680)
Other financial assets (net)	193,043	192,533	82	54	—	—	374

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

As at 31 March 2023

Loans to subsidiaries and affiliates of 9,111 million yen

As at 31 March 2024

Loans to subsidiaries and affiliates of 9,280 million yen (61,293 thousand U.S. dollars)

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

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

	Loss allowance at an amount equal to 12-month expected credit losses	Loss allowance at an amount equal to lifetime expected credit losses			Total
		Non-credit-impaired financial assets	Credit-impaired financial assets	Trade and other receivables	
Balance at 1 April 2022	—	29	356	2,965	3,350
Provision for the year	—	—	23	1,053	1,075
Reduction resulting from settlement for the year	—	(0)	(11)	(710)	(721)
Reduction for the year (reversal)	—	—	(1)	(298)	(299)
Other (foreign exchange translation gains or losses, etc.)	—	1	1	60	62
Balance at 31 March 2023	—	29	368	3,069	3,467

	Loss allowance at an amount equal to 12-month expected credit losses	Loss allowance at an amount equal to lifetime expected credit losses			Total
		Non-credit-impaired financial assets	Credit-impaired financial assets	Trade and other receivables	
Balance at 1 April 2023	—	29	368	3,069	3,467
Provision for the year	—	—	19	577	596
Reduction resulting from settlement for the year	—	—	(15)	(947)	(962)
Reduction for the year (reversal)	—	(1)	(1)	(406)	(408)
Other (foreign exchange translation gains or losses, etc.)	—	3	4	375	382
Balance at 31 March 2024	—	32	375	2,667	3,075

	Loss allowance at an amount equal to 12-month expected credit losses	Loss allowance at an amount equal to lifetime expected credit losses			Total
		Non-credit-impaired financial assets	Credit-impaired financial assets	Trade and other receivables	
Balance at 1 April 2023	—	192	2,434	20,272	22,898
Provision for the year	—	—	127	3,809	3,936
Reduction resulting from settlement for the year	—	—	(97)	(6,258)	(6,355)
Reduction for the year (reversal)	—	(5)	(9)	(2,681)	(2,695)
Other (foreign exchange translation gains or losses, etc.)	—	23	25	2,476	2,523
Balance at 31 March 2024	—	210	2,479	17,617	20,306

(7) Liquidity risk management

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

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

(Millions of Yen)								
Balance at 31 March 2023	Carrying amount	Contractual cash flows	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Non-derivative liabilities								
Trade and other payables	64,621	64,621	64,621	—	—	—	—	—
Long-term bank loans	1,936	2,146	823	463	19	206	14	620
Short-term bank loans	455	460	460	—	—	—	—	—
Long-term lease liabilities	14,831	16,415	—	5,546	3,541	2,147	1,453	3,730
Short-term lease liabilities	7,360	7,360	7,360	—	—	—	—	—
Other financial liabilities	21,787	24,361	264	253	—	5,476	—	18,368
Total	110,990	115,364	73,528	6,262	3,560	7,828	1,467	22,718

(Millions of Yen)								
Balance at 31 March 2024	Carrying amount	Contractual cash flows	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Non-derivative liabilities								
Trade and other payables	67,771	67,771	67,771	—	—	—	—	—
Long-term bank loans	2,293	2,537	764	81	369	171	171	981
Short-term bank loans	255	258	258	—	—	—	—	—
Long-term lease liabilities	19,030	21,481	—	6,559	4,217	2,787	2,272	5,647
Short-term lease liabilities	7,662	7,662	7,662	—	—	—	—	—
Other financial liabilities	24,944	27,800	264	499	6,209	—	—	20,828
Total	121,955	127,509	76,719	7,139	10,795	2,958	2,443	27,456

(Thousands of U.S. Dollars (Note 2))								
Balance at 31 March 2024	Carrying amount	Contractual cash flows	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Non-derivative liabilities								
Trade and other payables	447,597	447,597	447,597	—	—	—	—	—
Long-term bank loans	15,146	16,755	5,043	532	2,438	1,133	1,128	6,481
Short-term bank loans	1,684	1,705	1,705	—	—	—	—	—
Long-term lease liabilities	125,683	141,875	—	43,321	27,852	18,404	15,004	37,294
Short-term lease liabilities	50,602	50,602	50,602	—	—	—	—	—
Other financial liabilities	164,746	183,607	1,743	3,297	41,007	—	—	137,561
Total	805,459	842,142	506,692	47,149	71,297	19,537	16,132	181,335

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

Details of financing methods and status are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2023	As at 31 March 2024	As at 31 March 2024
Bank overdraft			
Used	—	—	—
Unused	85,000	85,000	561,390
Total	85,000	85,000	561,390
Commercial paper			
Used	—	—	—
Unused	50,000	50,000	330,229
Total	50,000	50,000	330,229

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

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

The fair values are categorised into Levels 1 to 3.

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

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

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

- FVTOCI financial assets classified as Level 3 mainly consist of unlisted shares and are measured using valuation techniques such as net asset approach, discount cash flow method or comparable company method.
- FVTPL financial liabilities classified as Level 3 consist of contingent considerations and are measured based on the achievement of milestones considering time value of money.

① Financial instruments that are measured at fair value

(Millions of Yen)				
As at 31 March 2023	Level 1	Level 2	Level 3	Total
FVTOCI financial assets	335	—	35,878	36,213
Total	335	—	35,878	36,213
FVTPL financial liabilities	—	—	363	363
Total	—	—	363	363

(Millions of Yen)				
As at 31 March 2024	Level 1	Level 2	Level 3	Total
FVTOCI financial assets	326	—	38,084	38,409
Total	326	—	38,084	38,409
FVTPL financial liabilities	—	—	395	395
Total	—	—	395	395

(Thousands of U.S. Dollars (Note 2))				
As at 31 March 2024	Level 1	Level 2	Level 3	Total
FVTOCI financial assets	2,150	—	251,527	253,677
Total	2,150	—	251,527	253,677
FVTPL financial liabilities	—	—	2,612	2,612
Total	—	—	2,612	2,612

Note:

As at 31 March 2023

No transfers occurred between Levels 1, 2 and 3 during the year ended 31 March 2023.

As at 31 March 2024

No transfers occurred between Levels 1, 2 and 3 during the year ended 31 March 2024.

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

			(Millions of Yen)
For the year ended 31 March 2023	Fair value measurement as at the end of the reporting period		
	FVTOCI financial assets	FVTPL financial liabilities	
Opening balance	41,073		101
Total gains or losses recognised:	(5,195)		35
- in other comprehensive income (i)	(5,195)		35
Increase by acquisition	—		777
Settlement	—		(550)
Closing balance	35,878		363

			(Millions of Yen)
For the year ended 31 March 2024	Fair value measurement as at the end of the reporting period		
	FVTOCI financial assets	FVTPL financial liabilities	
Opening balance	35,878		363
Total gains or losses recognised:	2,206		91
- in profit or loss (i)	—		(45)
- in other comprehensive income (i)	2,206		136
Increase by acquisition	—		8
Settlement	—		(67)
Closing balance	38,084		395

			(Thousands of U.S. Dollars (Note 2))
For the year ended 31 March 2024	Fair value measurement as at the end of the reporting period		
	FVTOCI financial assets	FVTPL financial liabilities	
Opening balance	236,958		2,400
Total gains or losses recognised:	14,569		600
- in profit or loss (i)	—		(298)
- in other comprehensive income (i)	14,569		898
Increase by acquisition	—		54
Settlement	—		(443)
Closing balance	251,527		2,612

Note:

As at 31 March 2023

(i) For total gains or losses included in other comprehensive income, gains or losses related to FVTOCI assets are included in ‘Financial assets measured at fair value through other comprehensive income’ or ‘Exchange differences on translation of foreign operations’ in the consolidated statement of comprehensive income.

As at 31 March 2024

(i) For total gains or losses included in profit or loss, the difference by settlement of the contingent consideration arising from the business combination is recorded at 45 million yen (298 thousand U.S. dollars). It is included in the line item ‘Other income’ in the consolidated statement of comprehensive income.

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

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

① Carrying amounts and fair value

	(Millions of Yen)		(Millions of Yen)		(Thousands of U.S. Dollars (Note 2))	
	As at 31 March 2023		As at 31 March 2024		As at 31 March 2024	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Assets						
Financial assets measured at amortised cost						
Lease deposits	5,806	5,786	5,990	5,904	39,560	38,992
Long-term guarantee deposits	1,177	1,097	1,307	1,248	8,635	8,243
Total	6,983	6,882	7,297	7,152	48,195	47,236
Liabilities						
Financial liabilities measured at amortised cost						
Long-term bank loans (excluding current portion)	1,166	1,043	1,560	1,460	10,306	9,643
Long-term guarantee deposits	253	253	113	113	743	743
Long-term other payables	21,270	17,662	24,680	20,631	163,001	136,257
Total	22,689	18,958	26,353	22,203	174,050	146,643

② Fair value hierarchy

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

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

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

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

(Millions of Yen)				
As at 31 March 2023	Level 1	Level 2	Level 3	Total
Assets				
Financial assets measured at amortised cost				
Lease deposits	—	5,786	—	5,786
Long-term guarantee deposits	—	1,097	—	1,097
Total	—	6,882	—	6,882
Liabilities				
Financial liabilities measured at amortised cost				
Long-term bank loans (excluding current portion)	—	1,043	—	1,043
Long-term guarantee deposits	—	253	—	253
Long-term other payables	—	17,662	—	17,662
Total	—	18,958	—	18,958

(Millions of Yen)

As at 31 March 2024	Level 1	Level 2	Level 3	Total
Assets				
Financial assets measured at amortised cost				
Lease deposits	—	5,904	—	5,904
Long-term guarantee deposits	—	1,248	—	1,248
Total	—	7,152	—	7,152
Liabilities				
Financial liabilities measured at amortised cost				
Long-term bank loans (excluding current portion)	—	1,460	—	1,460
Long-term guarantee deposits	—	113	—	113
Long-term other payables	—	20,631	—	20,631
Total	—	22,203	—	22,203

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

As at 31 March 2024	Level 1	Level 2	Level 3	Total
Assets				
Financial assets measured at amortised cost				
Lease deposits	—	38,992	—	38,992
Long-term guarantee deposits	—	8,243	—	8,243
Total	—	47,236	—	47,236
Liabilities				
Financial liabilities measured at amortised cost				
Long-term bank loans (excluding current portion)	—	9,643	—	9,643
Long-term guarantee deposits	—	743	—	743
Long-term other payables	—	136,257	—	136,257
Total	—	146,643	—	146,643

22. Share-based payments

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

In addition, the Company has introduced the Non-performance share unit (Restricted stock unit) to replace the stock option plan in the year ended March 2023.

(1) Non-performance Share Unit

① Details of plan

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

The Company will pay the Independent Directors 50% of the basic compensation amount as claims for monetary remuneration.

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

RSU granted to Independent Directors are accounted for separately as equity-settled share-based payment transaction and cash-settled share-based payment transaction (50%:50%). During the year ended 31 March 2023, expenses recorded in the consolidated statement of comprehensive income from undertaking equity-settled share-based payment transactions were 7 million yen and cash-settled share-based payment transactions were 9 million yen. During the year ended 31 March 2024, expenses recorded in the consolidated statement of comprehensive income from undertaking equity-settled share-based payment transactions were 23 million yen (151 thousand U.S. dollars) and cash-settled share-based payment transactions were 16 million yen (105 thousand U.S. dollars).

The number of Company shares granted was 400 and the amount was 6 million yen (42 thousand U.S. dollars) for the year ended March 2024.

Details of RSU that are outstanding for the year ended 31 March 2023 and 2024 are as follows:

No.	Number of shares	Grant date	Fair value at grant date (Yen)
1	4,800	1 July 2022	11,610
2	3,000	1 July 2023	17,305

② Determination of fair value

The fair value of the RSU granted during the years ended 31 March 2023 and 2024 was 11,610 yen and 17,305 yen, and determined based on the Company's share price of the grant day for each period.

(2) Performance Share Unit

① Details of plan

The Company has adopted Performance Share Unit (PSU) for officers instead of a stock option plan since the year ended 31 March 2020. The variable number of shares will be distributed to the granted officers based on the achievement of pre-determined performance goal during the three years subsequent to the grant date. The number of distributed shares is variable from 0% to 200% based on the achievement of the performance goal that consists of consolidated sales, earnings per share (EPS) and ROE.

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

PSU granted to the officers are accounted for as equity-settled share-based payment transactions and cash-settled share-based payment transactions (50%:50%). During the year ended 31 March 2023, expenses recorded in the consolidated statement of comprehensive income from undertaking equity-settled share-based payment transactions were 114 million yen and cash-settled share-based payment transactions were (73) million yen. During the year ended 31 March 2024, expenses recorded in the consolidated statement of

comprehensive income were 60 million yen (394 thousand U.S. dollars) for equity-settled share-based payment transactions and 181 million yen (1,192 thousand U.S. dollars) for cash-settled share-based payment transactions including reversal for retired director. The number of Company shares granted was 3,200 and the amount was 51 million yen (336 thousand U.S. dollars) for the year ended March 2024.

Details of PSU that are outstanding for the year ended 31 March 2023 and 2024, are as follows:

No.	Number of shares	Grant date	Fair value at grant date (Yen)
2	11,400	1 July 2020	10,260
3	7,900	1 July 2021	14,730
4	18,100	1 July 2022	11,610
5	12,100	1 July 2023	17,305

② Determination of fair value

The fair value of the PSU granted during the years ended 31 March 2023 and 2024 was 11,610 yen and 17,305 yen, and determined based on the Company's share price of the grant day for each period.

(3) Phantom Stock Option Plan

① Details of transactions

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

PSO granted to eligible grantees are accounted for as cash-settled share-based payment transactions. Expense recorded in the consolidated statement of comprehensive income from undertaking shared-based payment transactions was 1,064 million yen and 3,820 million yen (25,227 thousand U.S. dollars) for the year ended 31 March 2023 and 2024 for each period.

Details of PSO that are outstanding for the year ended 31 March 2023 and 2024, are as follows:

No.	Number of shares	Grant date	Fair value at grant date (Yen)
1	107,600	1 October 2020	5,930
2	4,500	1 January 2021	7,135
3	3,000	1 July 2021	7,365
4	216,100	1 October 2021	8,737.5
5	3,600	1 January 2022	8,555
6	3,900	1 July 2022	5,792.5
7	338,700	1 October 2022	6,940.0
8	6,800	1 January 2023	6,352.5
9	1,000	1 April 2023	7,280
10	394,600	1 October 2023	7,662.5

② Determination of fair value

The weighted-average fair value of the PSO granted during the years ended 31 March 2023 and 2024 was 6,916 yen and 7,661.5 yen for each period. The fair values of the options were determined based on the Company's share prices of the grant days.

(4) Stock Option Plan

① Details of transactions

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

Stock options granted to members are accounted for as share-settled share-based payment transactions. Expense recorded in the consolidated statement of comprehensive income from undertaking shared-based payment transactions was 33 million yen and (3) million yen ((17) thousand U.S. dollars) for the years ended 31 March 2023 and 2024, for each period.

No stock options have been granted for the years ended 31 March 2023 and 2024.

Details of the stock options that are outstanding for the years ended 31 March 2023 and 2024, are as follows:

No.	Number of shares	Grant date	Expiry date	Exercise price (Yen)	Fair value at grant date (Yen)
13	560,800	16 January 2013	30 September 2022	1,648	427
14	758,800	15 January 2014	30 September 2023	2,846	785
15	582,400	14 January 2015	30 September 2024	3,972.5	896
16	460,400	13 January 2016	30 September 2025	4,928	852
17	386,800	17 January 2017	30 September 2026	4,839	935
18	40,400	13 February 2018	30 September 2027	5,765	1,002
19	123,600	2 October 2018	30 September 2028	6,590	1,586
20	20,000	13 August 2019	30 September 2029	8,542	1,911
21	24,000	11 August 2020	30 September 2030	10,490	2,477
22	40,000	17 August 2021	30 September 2031	15,080	5,151

② The number and weighted-average exercise prices of stock options

The weighted average exercise price of unexercised stock options was 5,994 yen and 6,514 yen as at the years ended 31 March 2023 and 2024 for each period. Weighted average remaining contract life was 3.6 years and 3.1 years as the years ended 31 March 2023 and 2024 for each period.

	For the year ended 31 March 2023		For the year ended 31 March 2024	
	Number of shares	Weighted-average exercise price (Yen)	Number of shares	Weighted-average exercise price (Yen)
Outstanding at the beginning of the period	527,200	4,038	316,400	5,994
Granted	—	—	—	—
Forfeited (i)	(40,000)	5,889	(16,800)	10,636
Exercised	(151,600)	5,069	(79,600)	4,849
Expired	(19,200)	1,648	(27,600)	2,846
Outstanding at the end of the period	316,400	5,994	192,400	6,514
Exercisable at the end of the period	283,400	5,102	179,400	5,918

Note:

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

Stock options exercised during the year ended 31 March 2023, were as follows:

No.	Number of shares exercised	Exercise period	Weighted-average of share price at exercise date (Yen)
13	13,200	May 2022 to September 2022	13,115
14	1,600	October 2022 to February 2023	13,590
15	21,600	May 2022 to February 2023	13,394
16	34,400	May 2022 to February 2023	13,349
17	32,800	April 2022 to March 2023	13,296
18	800	September 2022	13,331
19	42,800	May 2022 to November 2022	13,179
20	2,400	September 2022 to November 2022	13,482
21	2,000	May 2022 to November 2022	13,377
Total	151,600		13,281

Note:

The number of shares exercised and the amount paid by key management personnel are 96,800 shares and 554 million yen.

Stock options exercised during the year ended 31 March 2024, were as follows:

No.	Number of shares exercised	Exercise period	Weighted-average of share price at exercise date (Yen)
14	7,600	June 2023 to September 2023	15,739
15	28,400	April 2023 to March 2024	15,124
16	4,800	June 2023 to February 2024	15,975
17	14,000	April 2023 to January 2024	15,021
18	4,000	August 2023	16,029
19	20,800	May 2023 to August 2023	14,672
Total	79,600		15,143

Note:

The number of shares exercised and the amount paid by key management personnel are 38,800 shares and 206 million yen.

23. Revenue

(1) Disaggregation of revenue

The relationship between the major geographical areas and the Group's revenue from its major products and services for the year ended 31 March 2023 and 2024 is as follows:

	(Millions of Yen)					
For the year ended 31 March 2023	Japan	Asia	Americas	Europe	Others	Total
Life Care						
Health Care related products	121,641	50,644	82,242	90,657	6,432	351,617
Medical related products	22,877	20,228	27,002	48,588	4,316	123,011
Life Care total	144,518	70,872	109,244	139,246	10,748	474,628
Information Technology						
Electronics related products	13,943	175,629	15,455	3,172	1	208,199
Imaging related products	9,863	23,912	1,688	676	0	36,140
Information Technology total	23,806	199,541	17,143	3,848	1	244,338
Other	1,732	702	858	1,323	—	4,615
Total revenue from external customers	170,056	271,115	127,245	144,417	10,749	723,582

	(Millions of Yen)					
For the year ended 31 March 2024	Japan	Asia	Americas	Europe	Others	Total
Life Care						
Health Care related products	129,704	57,566	94,934	104,670	6,786	393,661
Medical related products	23,971	22,344	31,799	53,253	4,996	136,363
Life Care total	153,676	79,910	126,734	157,923	11,782	530,024
Information Technology						
Electronics related products	12,343	160,139	13,528	3,263	1	189,274
Imaging related products	10,077	26,663	1,519	793	2	39,054
Information Technology total	22,420	186,801	15,047	4,056	3	228,328
Other	978	802	939	1,539	—	4,259
Total revenue from external customers	177,074	267,514	142,720	163,518	11,784	762,610

	(Thousands of U.S. Dollars (Note 2))					
For the year ended 31 March 2024	Japan	Asia	Americas	Europe	Others	Total
Life Care						
Health Care related products	856,644	380,200	627,002	691,301	44,818	2,599,964
Medical related products	158,321	147,573	210,021	351,715	32,994	900,623
Life Care total	1,014,965	527,773	837,022	1,043,015	77,812	3,500,588
Information Technology						
Electronics related products	81,518	1,057,648	89,349	21,552	8	1,250,075
Imaging related products	66,557	176,097	10,032	5,236	11	257,933
Information Technology total	148,075	1,233,745	99,381	26,788	19	1,508,009
Other	6,459	5,300	6,204	10,164	—	28,127
Total revenue from external customers	1,169,499	1,766,818	942,607	1,079,968	77,831	5,036,723

Note:

Geographical areas are based on the location of the customers.

(2) Contract balances

Receivables from contracts with customers and contract liabilities are as follows. Contract liabilities consist mainly of advance received and advance received profit from customers. Contract liabilities increase by the receipt of consideration from a customer before the transfer of control of good or service to the customer and decrease by satisfaction of the performance obligation.

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2023	As at 31 March 2024	As at 31 March 2024
Receivables from contracts with customers	140,788	149,953	990,374
Contract liabilities	6,047	7,353	48,566

Note:

Revenues recognised in the years ended 31 March 2023 and 2024 that were included in the contract liability balances as at 1 April 2023 and 2024 were 3,432 million yen and 4,122 million yen (27,222 thousand U.S. dollars) for each period. Amount of revenue recognised in the years ended 31 March 2023 and 2024 from performance obligations satisfied (or partially satisfied) in previous periods is immaterial.

(3) Transaction price allocated to the remaining performance obligations

The Group uses the practical expedient of omitting the disclosure of information on the remaining performance obligations because it has no significant transactions with individual expected contractual terms exceeding one year. In addition, considerations from contracts with customers do not include a significant amount, which is not included in the transaction price and significant financing components.

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

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

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

(1) Other income from continuing operations

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

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2023	For the year ended 31 March 2024	For the year ended 31 March 2024
Commission	123	80	525
Rent	180	79	524
Government grants	240	3,154	20,833
Gain on sale of plant, property and equipment and intangible assets	537	1,416	9,352
Insurance proceeds	166	54	359
Gain on sale of shares of subsidiaries	—	3,458	22,839
Change in fair value of financial liabilities	551	2,130	14,068
Settlement proceeds	224	1,811	11,961
Others	744	1,145	7,565
Total other income	2,764	13,328	88,025

(2) R&D expenses recognised as incurred

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2023	For the year ended 31 March 2024	For the year ended 31 March 2024
Employee benefits expense	13,267	15,289	100,975
Depreciation and amortisation	4,075	3,998	26,404
Commission expenses	4,032	4,525	29,885
Other expenses	8,042	9,192	60,707
Total R&D expenses recognised as incurred	29,415	33,003	217,972

Note:

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

(3) Employee benefits expense

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

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2023	For the year ended 31 March 2024	For the year ended 31 March 2024
Salary, bonuses and others	147,390	167,286	1,104,855
Retirement benefit			
Defined benefit	730	729	4,812
Defined contribution	2,953	3,522	23,263
Retirement benefit total	3,683	4,251	28,075
Share-based payments	1,154	4,096	27,052
Severance payments	1,218	1,074	7,092
Others	7,254	7,901	52,184
Total employee benefits expense	160,698	184,608	1,219,258

(4) Foreign exchange gains or losses

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

(5) Other expenses

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

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2023	For the year ended 31 March 2024	For the year ended 31 March 2024
Packaging/shipping/transportation	14,936	14,547	96,078
Travel	6,167	7,722	50,999
Utilities	16,209	15,606	103,074
Repair and maintenance	13,514	16,100	106,337
Loss on sales of property, plant and equipment	69	41	270
Loss on disposal of property, plant and equipment	127	260	1,716
Others	87,193	91,815	606,400
Total other expenses	138,213	146,092	964,874

25. Finance income and costs

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

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2023	For the year ended 31 March 2024	For the year ended 31 March 2024
Finance income			
Interest income			
Cash and cash equivalents, financial assets measured at amortized cost	7,657	16,269	107,450
Dividend income	9	10	64
FVTOCI financial assets			
Total finance income	7,666	16,279	107,514
Finance costs			
Interest costs			
Interest-bearing debt	467	713	4,708
Retirement benefits liabilities	80	62	409
Provisions	18	20	133
Other financial liabilities	367	366	2,416
Impairment losses			
Financial assets measured at amortised cost	884	765	5,052
Total finance costs	1,816	1,925	12,717

26. Other comprehensive income

For the years ended 31 March 2023 and 2024, items that may be reclassified subsequently to profit or loss comprise the following:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2023	For the year ended 31 March 2024	For the year ended 31 March 2024
<i>Items that may be reclassified subsequently to profit or loss:</i>			
① Exchange differences on translation of foreign operations (i)			
Gains (losses) arising during the year	43,581	66,218	437,345
Reclassification adjustments to profit or loss for the year	(99)	(1,120)	(7,395)
Total	43,481	65,099	429,950
② Share of other comprehensive income of associates			
Gains (losses) arising during the year	2	123	809
Reclassification adjustments to profit or loss for the year	0	(0)	(3)
Total	2	122	806
Other comprehensive income/(loss) before tax	43,483	65,221	430,756
Income tax relating to components of other comprehensive income	(17)	(43)	(286)
Total other comprehensive income/(loss) (net of tax)	43,466	65,177	430,470

Note:

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

Deferred and current taxes on each item of other comprehensive income for the years ended 31 March 2023 and 2024, are as follows:

	(Millions of Yen)			(Millions of Yen)			(Thousands of U.S. Dollars (Note 2))		
	For the year ended 31 March 2023			For the year ended 31 March 2024			For the year ended 31 March 2024		
	Total	Tax	Net of tax	Total	Tax	Net of tax	Total	Tax	Net of tax
Other comprehensive income attributable to owners of the Company									
① FVTOCI financial assets	(5,709)	1,767	(3,943)	2,230	(312)	1,918	14,730	(2,064)	12,666
② Exchange differences on translation of foreign operations	42,569	(17)	42,553	63,296	(43)	63,252	418,041	(286)	417,755
③ Remeasurements of the net defined benefit liability (asset)	152	(58)	93	(18)	(6)	(25)	(122)	(43)	(165)
④ Share of other comprehensive income of associates	2	—	2	122	—	122	806	—	806
Subtotal	37,013	1,691	38,705	65,629	(362)	65,267	433,455	(2,392)	431,063
Other comprehensive income attributable to non-controlling interests									
① FVTOCI financial assets	(2)	—	(2)	6	—	6	37	—	37
② Exchange differences on translation of foreign operations	912	—	912	1,803	—	1,803	11,909	—	11,909
Subtotal	910	—	910	1,809	—	1,809	11,945	—	11,945
Total other comprehensive income/(loss)	37,923	1,691	39,615	67,438	(362)	67,076	445,400	(2,392)	443,008

27. Earnings per share

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

	(Yen)	(Yen)	(U.S. Dollars (Note 2))
	For the year ended 31 March 2023	For the year ended 31 March 2024	For the year ended 31 March 2024
Basic earnings per share	469.76	515.48	3.4
Diluted earnings per share	469.47	515.27	3.4

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

① Basic earnings per share

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

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2023	For the year ended 31 March 2024	For the year ended 31 March 2024
Profit used in the calculation of basic earnings per share	168,638	181,377	1,197,917

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

(Shares in thousands)

	For the year ended 31 March 2023	For the year ended 31 March 2024
Weighted-average number of ordinary shares	358,986	351,857

② Diluted earnings per share

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

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2023	For the year ended 31 March 2024	For the year ended 31 March 2024
Profit used in the calculation of diluted earnings per share	168,638	181,377	1,197,917

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

(Shares in thousands)

	For the year ended 31 March 2023	For the year ended 31 March 2024
Weighted-average number of ordinary shares	358,986	351,857
Shares deemed to be issued for no consideration in respect of:		
Stock options	220	146
Weighted-average number of ordinary shares used in the calculation of diluted earnings per share	359,207	352,003

28. Non-cash transactions

Non-cash transactions for the years ended 31 March 2023 and 2024, consisted of acquiring property, plant and equipment through new lease arrangements in the amount of 9,287 million yen and 13,367 million yen (88,283 thousand U.S. dollars) for each period.

29. Subsidiaries

(1) Composition of the Group

Information about the composition of the Group as at 31 March 2023 and 2024, is as follows:

Reportable Segment	Location	Number of wholly-owned subsidiaries	
		As at 31 March 2023	As at 31 March 2024
Life Care	IRELAND	—	1
	U.S.A.	5	6
	U.A.E.	—	1
	ARGENTINA	1	—
	UNITED KINGDOM	4	5
	ITALY	2	2
	INDIA	3	3
	INDONESIA	3	3
	AUSTRALIA	2	2
	NETHERLANDS	4	5
	CANADA	7	7
	COLOMBIA	1	1
	SINGAPORE	3	3
	SWITZERLAND	1	1
	SWEDEN	1	1
	SPAIN	2	2
	SLOVENIA	—	1
	THAILAND	4	4
	CZECH REPUBLIC	1	1
	DENMARK	1	1
	GERMANY	4	5
	TURKEY	1	1
	HUNGARY	2	2
	PHILIPPINES	2	2
	FINLAND	1	1
	BRAZIL	2	2
	FRANCE	4	5
	BULGARIA	1	1
	VIETNAM	1	2
	BELGIUM	1	2
	POLAND	1	1
	MALAYSIA	4	4
	SOUTH AFRICA	1	1
	MEXICO	1	1
	RUSSIA	2	2
	SOUTH KOREA	4	4
	TAIWAN	1	1
	CHINA	8	9
	JAPAN	3	3

Reportable Segment	Location	Number of wholly-owned subsidiaries	
		As at 31 March 2023	As at 31 March 2024
Information Technology	U.S.A.	1	1
	SINGAPORE	1	1
	THAILAND	1	1
	PHILIPPINES	2	1
	VIETNAM	3	3
	MALAYSIA	1	1
	LAOS	1	1
	SOUTH KOREA	1	1
	TAIWAN	1	1
	CHINA	5	5
Other	U.S.A.	2	2
	UNITED KINGDOM	1	1
	AUSTRALIA	1	1
	NETHERLANDS	4	4
	SINGAPORE	1	1
	SWEDEN	1	1
	SPAIN	1	1
	GERMANY	1	1
	FRANCE	1	1
	SOUTH KOREA	1	1
	JAPAN	1	1

Reportable Segment	Location	Number of non-wholly-owned subsidiaries	
		As at 31 March 2023	As at 31 March 2024
Life Care	IRELAND	1	—
	U.S.A.	2	1
	UNITED KINGDOM	1	—
	NETHERLANDS	1	—
	SINGAPORE	1	1
	GERMANY	2	1
	FRANCE	2	1
	VIETNAM	1	—
	BELGIUM	1	—
	CHINA	5	4
	JAPAN	1	1
Information Technology	PHILIPPINES	1	1
	CHINA	1	1

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

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

Name of subsidiaries	Location	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests			Accumulated non-controlling interests		
				(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars)	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars)
		As at 31 March 2023	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2024
WASSENBURG MEDICAL B.V. and seven other companies	NETHERLANDS and other countries	49.0%	—%	212	—	1,587	3,879	—	—
SEIKO OPTICAL PRODUCTS CO., LTD. and three other companies	JAPAN and other countries	50.0%	50.0%	282	383	2,111	2,123	3,017	19,927
CHONGQING MASTEK ELECTRONIC S CO., LTD.	CHINA	40.0%	40.0%	(142)	(142)	(1,063)	7,554	8,372	55,292
Individually immaterial subsidiaries with non-controlling interests							(17,274)	(16,883)	(111,508)
Total							(3,717)	(5,494)	(36,288)

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

	(Millions of Yen) As at / for the year ended 31 March 2023	(Millions of Yen) As at / for the year ended 31 March 2024	(Thousands of U.S. Dollars) As at / for the year ended 31 March 2024
WASSENBURG MEDICAL B.V. and seven other companies			
Non-current assets	3,415	—	—
Current assets	7,722	—	—
Non-current liabilities	(385)	—	—
Current liabilities	(2,836)	—	—
Equity attributable to owner of the Company	4,037	—	—
Non-controlling interests	3,879	—	—
Revenue	10,772	—	—
Expenses	(10,339)	—	—
Profit/(loss) for the year	433	—	—
Other comprehensive income/(loss)	511	—	—
Comprehensive income/(loss)	944	—	—
Dividends paid to non-controlling interests	—	—	—
Net cash flow from operating activities	373	—	—
Net cash flow from investing activities	(152)	—	—
Net cash flow from financing activities	(72)	—	—
Net cash flow	149	—	—

During this fiscal year, the Company acquired 49% of the shares of WASSENBURG MEDICAL B.V., increasing our ownership to 100%.

	(Millions of Yen) As at / for the year ended 31 March 2023	(Millions of Yen) As at / for the year ended 31 March 2024	(Thousands of U.S. Dollars) As at / for the year ended 31 March 2024
SEIKO OPTICAL PRODUCTS CO., LTD. and three other companies			
Non-current assets	899	994	6,564
Current assets	12,221	13,646	90,128
Non-current liabilities	(300)	(419)	(2,770)
Current liabilities	(8,630)	(8,266)	(54,595)
Equity attributable to owner of the Company	2,095	2,977	19,663
Non-controlling interests	2,095	2,977	19,663
Revenue	33,004	34,632	228,727
Expenses	(32,505)	(33,888)	(223,816)
Profit/(loss) for the year	500	744	4,911
Other comprehensive income/(loss)	411	1,021	6,744
Comprehensive income/(loss)	911	1,765	11,655
Dividends paid to non-controlling interests	—	—	—
Net cash flow from operating activities	2,014	1,968	12,999
Net cash flow from investing activities	(55)	(34)	(228)
Net cash flow from financing activities	(446)	(493)	(3,255)
Net cash flow	1,514	1,441	9,516

Note:

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

	(Millions of Yen) As at / for the year ended 31 March 2023	(Millions of Yen) As at / for the year ended 31 March 2024	(Thousands of U.S. Dollars) As at / for the year ended 31 March 2024
CHONGQING MASTEK ELECTRONICS CO., LTD.			
Non-current assets	4,503	10,827	71,506
Current assets	14,601	11,618	76,730
Non-current liabilities	—	(734)	(4,846)
Current liabilities	(218)	(781)	(5,161)
Equity attributable to owner of the Company	11,332	12,558	82,938
Non-controlling interests	7,554	8,372	55,292
Revenue	223	819	5,410
Expenses	(578)	(395)	(2,609)
Profit/(loss) for the year	(355)	424	2,801
Other comprehensive income/(loss)	(189)	1,619	10,694
Comprehensive income/(loss)	(544)	2,043	13,494
Dividends paid to non-controlling interests	—	—	—
Net cash flow from operating activities	(503)	(176)	(1,161)
Net cash flow from investing activities	(12,799)	(2,062)	(13,621)
Net cash flow from financing activities	19,430	734	4,846
Net cash flow	6,128	(1,504)	(9,936)

(3) Details of the material subsidiaries

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

Name of subsidiary	Reportable segment	Major products/services in the reportable segment	Location	Proportion of shares held	Proportion of shares held
				As at 31 March 2023	As at 31 March 2024
HOYA LENS MANUFACTURING MALAYSIA SDN.BHD.	Life Care	Health Care related products	MALAYSIA	100.0%	100.0%
HOYA LENS THAILAND LTD.	Life Care	Health Care related products	THAILAND	100.0%	100.0%
HOYA LENS GUANGZHOU LTD.	Life Care	Health Care related products	CHINA	100.0%	100.0%
HOYA LENS AUSTRALIA PTY.LTD.	Life Care	Health Care related products	AUSTRALIA	100.0%	100.0%
HOYA LENS INDIA PRIVATE LIMITED	Life Care	Health Care related products	INDIA	100.0%	100.0%
HOYA LENS COLOMBIA S.A.S.	Life Care	Health Care related products	COLOMBIA	100.0%	100.0%
HOYA LENS VIETNAM LTD.	Life Care	Health Care related products	VIETNAM	100.0%	100.0%
DAEJEON DAEMYUNG OPTICAL (HANGZHOU) CO., LTD.	Life Care	Health Care related products	CHINA	100.0%	100.0%
VISION EASE LENS (THAILAND) CO., LTD	Life Care	Health Care related products	THAILAND	100.0%	100.0%
PT.VISION-EASE ASIA	Life Care	Health Care related products	INDONESIA	100.0%	100.0%
PERFORMANCE OPTICS KOREA, LTD.	Life Care	Health Care related products	SOUTH KOREA	100.0%	100.0%
HOYA HOLDINGS N.V.	Life Care and Corporate	Health Care related products and EU headquarters	NETHERLANDS	100.0%	100.0%
HOYA LENS DEUTSCHLAND GMBH	Life Care	Health Care related products	GERMANY	100.0%	100.0%
HOYA LENS U.K. LTD.	Life Care	Health Care related products	UNITED KINGDOM	100.0%	100.0%
HOYA LENS ITALIA S.P.A.	Life Care	Health Care related products	ITALY	100.0%	100.0%
HOYA LENS IBERIA S.A.	Life Care	Health Care related products	SPAIN	100.0%	100.0%
HOYA TURKEY OPTIK LENS SANAYI VE TICARET A.S.	Life Care	Health Care related products	TURKEY	100.0%	100.0%
HOYA LENS CANADA, INC.	Life Care	Health Care related products	CANADA	100.0%	100.0%
SEIKO OPTICAL PRODUCTS OF AMERICA, INC.	Life Care	Health Care related products	U.S.A.	50.0%	50.0%
PENTAX EUROPE GMBH	Life Care	Medical related products	GERMANY	100.0%	100.0%

Name of subsidiary	Reportable segment	Major products/services in the reportable segment	Location	Proportion of shares held	Proportion of shares held
				As at 31 March 2023	As at 31 March 2024
PENTAX ITALIA S.R.L.	Life Care	Medical related products	ITALY	100.0%	100.0%
PENTAX U.K. LTD.	Life Care	Medical related products	UNITED KINGDOM	100.0%	100.0%
PENTAX OF AMERICA, INC.	Life Care	Medical related products	U.S.A.	100.0%	100.0%
PENTAX CANADA, INC.	Life Care	Medical related products	CANADA	100.0%	100.0%
PENTAX MEDICAL (PENANG) SDN. BHD.	Life Care	Medical related products	MALAYSIA	100.0%	100.0%
HOYA SURGICAL OPTICS, INC.	Life Care	Medical related products	U.S.A.	100.0%	100.0%
HOYA MEDICAL (SUZHOU) COMPANY LIMITED	Life Care	Medical related products	CHINA	-%	100.0%
MICROLINE SURGICAL, INC.	Life Care	Medical related products	U.S.A.	100.0%	100.0%
HOYA LAMPHUN LTD.	Life Care Information Technology	Health Care related products and Medical related products	THAILAND	100.0%	100.0%
PENTAX MEDICAL SINGAPORE PTE. LTD.	Life Care	Medical related products	SINGAPORE	100.0%	100.0%
HOYA GLASS DISK PHILIPPINES, INC.	Information Technology	Electronics related products	PHILIPPINES	100.0%	100.0%
HOYA GLASS DISK VIETNAM LTD.	Information Technology	Electronics related products	VIETNAM	100.0%	100.0%
HOYA GLASS DISK VIETNAM II LTD.	Information Technology	Electronics related products	VIETNAM	100.0%	100.0%
HOYA MICROELECTRONICS TAIWAN CO., LTD.	Information Technology	Electronics related products	TAIWAN	100.0%	100.0%
HOYA ELECTRONICS KOREA CO., LTD.	Information Technology	Electronics related products	SOUTH KOREA	100.0%	100.0%
HOYA ELECTRONICS MALAYSIA SDN.BHD.	Information Technology	Electronics related products	MALAYSIA	100.0%	100.0%
HOYA ELECTRONICS SINGAPORE PTE. LTD.	Information Technology	Electronics related products	SINGAPORE	100.0%	100.0%
HOYA CORPORATION USA	Information Technology	Electronics related products and Imaging related products	U.S.A.	100.0%	100.0%
CHONGQING MASTEK ELECTRONICS CO., LTD.	Information Technology	Electronics related products	CHINA	60.0%	60.0%
HOYA OPTICS (THAILAND) LTD.	Information Technology	Imaging related products	THAILAND	100.0%	100.0%
HOYA OPTO-ELECTRONICS QINGDAO LTD.	Information Technology	Imaging related products	CHINA	100.0%	100.0%
HOYA OPTICAL TECHNOLOGY (SUZHOU) LTD.	Information Technology	Imaging related products	CHINA	100.0%	100.0%
HOYA OPTICAL (ASIA) CO., LTD.	Information Technology	Imaging related products	CHINA	100.0%	100.0%

Name of subsidiary	Reportable segment	Major products/services in the reportable segment	Location	Proportion of shares held	Proportion of shares held
				As at 31 March 2023	As at 31 March 2024
HOYA OPTICAL TECHNOLOGY (WEIHAI) CO., LTD.	Information Technology	Imaging related products	CHINA	100.0%	100.0%
HOYA HOLDINGS ASIA PACIFIC PTE LTD	Corporate	Asia and Oceania headquarters	SINGAPORE	100.0%	100.0%
HOYA HOLDINGS (ASIA) B.V.	Corporate	Asia and Oceania holding company	NETHERLANDS	100.0%	100.0%
HOYA FINANCE B.V.	Corporate	Asia and Oceania financing company	NETHERLANDS	100.0%	100.0%
HOYA HOLDINGS, INC.	Corporate	North America headquarters	U.S.A.	100.0%	100.0%

30. Related party disclosures

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

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

The Group has transactions with related parties as follows:

As at/for the year ended 31 March 2023:

	Name of associates	Nature of related party transactions	Transaction amount	Outstanding balance
			(Millions of Yen)	(Millions of Yen)
Associates	AvanStrate, Inc.	Incorporation of deferred interests receivable into principal (Note)	224	—
		Current portion of long-term loans receivable from subsidiaries and affiliates	—	9,111
		Interest received	—	1,652

Note

Interest rates on loans are determined considering market rates.

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

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

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

As at/for the year ended 31 March 2024:

	Name of associates	Nature of related party transactions	Transaction amount	Outstanding balance	Transaction amount	Outstanding balance
			(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))	(Thousands of U.S. Dollars (Note 2))
Associates	AvanStrate, Inc.	Incorporation of deferred interests receivable into principal (Note)	170	—	1,120	—
		Current portion of long-term loans receivable from subsidiaries and affiliates	—	9,280	—	61,293
		Interest received	—	2,831	—	18,695

Note

Interest rates on loans are determined considering market rates.

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

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

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

(2) Remuneration of key management personnel

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

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2023	For the year ended 31 March 2024	For the year ended 31 March 2024
Short-term benefits	585	540	3,565
Share-based payments(ii)	89	276	1,825
Total remuneration of key management personnel	674	816	5,390

Note

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

(ii) The amounts include the reversal of share-based payments for retired key directors.

31. Business combinations

The information of business combinations is omitted as it is immaterial for the Group.

32. Contingent liabilities

There are no significant contingent liabilities for the Group.

33. Commitments for expenditure

Payment commitments after the reporting date are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2023	As at 31 March 2024	As at 31 March 2024
Commitments for the acquisition of property, plant and equipment and intangible assets	48,222	42,682	281,895

34. Assets held for sale or a disposal group

The following are the assets held for sale and the liabilities directly associated with assets held for sale.

	(Millions of yen) As at 31 March 2023	(Millions of yen) As at 31 March 2024	(Thousands of U.S. Dollars (Note 2)) As at 31 March 2024
Assets held for sale:			
Property, plant and equipment-net	123	130	862
Goodwill	815	—	—
Intangible assets	32	21	136
Other non-current assets	5	5	36
Trade and other receivables	13	35	230
Other short-term financial assets	14	16	106
Cash and cash equivalents	61	15	102
Other current assets	60	60	393
Total assets held for sale	1,124	282	1,865
Liabilities directly associated with assets held for sale:			
Interest-bearing long-term debt	53	55	366
Trade and other payables	51	8	51
Income tax payables	5	—	—
Other current liabilities	23	1	4
Total liabilities directly associated with assets held for sale	132	64	421

The assets held for sale and the liabilities directly associated with assets held for sale for the year ended in 31 March 2024 are held by the subsidiary in the Life care business. During the year ended in 31 March 2023, they were classified as assets held for sale and liabilities directly associated with assets held for sale, due to the high probability of immediate sale within one year.

In the year ended in 31 March 2024 impairment losses of 879 M JPY (5,804 thousand U.S. dollars) were recognised and included in the line item ‘Impairment losses’ in the consolidated statement of comprehensive income.

35. Subsequent events

Repurchase of Shares

The Board of Directors made a resolution to repurchase shares on May 15, 2024 based on Article 39 of Articles of Incorporation and Article 459.1 of the Companies Act of Japan as outlined below.

1. Reason for Share Repurchase

The Company decided to acquire its own shares with the aim of shareholders' benefit, improving capital efficiency and ensuring a flexible capital policy.

2. Outline of Share Repurchase

(1) Class of shares: Common stock

(2) Number of shares to be repurchased: 3,000,000 shares (maximum)

(0.86% of total shares outstanding, excluding treasury shares)

(3) Total amount to be paid for repurchase: 50,000 million yen (330,229 thousand U.S. dollars) (maximum)

(4) Period of share repurchase: May 16, 2024 through 15 August 2024

(5) Method of repurchase: Purchase on the Tokyo Stock Exchange based on discretionary investment contract

(6) Others: Purchased stocks are planned to be cancelled with the aim of shareholders' benefit.

Resolution on cash dividends

On 24 May 2024, a resolution was made by the Company's board of directors for the payment of a cash dividend to shareholders of record as of March 31, 2024 of 22,784 million yen (150,478 thousand U.S. dollars) (65 yen per common share).

36. Approval of financial statements

The consolidated financial statements for the year ended 31 March 2024 were approved by Mr. Ryo Hirooka, the director and chief financial officer of the Group, on 5 July 2024.