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

Contents

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
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. There are differences in claims with the authorities regarding the tax treatment and there is uncertainty as to whether the court and the Tribunal will accept the Company's claims. In accordance with the Japanese tax law, auditing the recoverability of the suspense payments 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.	In order to evaluate the appropriateness of the judgment of the Company for the recoverability of the suspense payments of income tax, we performed the following audit procedures, among others: • With the assistance of our tax specialists, we critically evaluated the appropriateness of the Company's position for the points of dispute in the trials 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) 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				
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) 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
EQUITY AND LIABILITIES				
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		818,321	967,758	6,391,640
Non-controlling interests	20(4), 29	(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) 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
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			
Items that will not be reclassified subsequently to profit or loss:				
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
Items that may be reclassified subsequently to profit or loss:				
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) 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
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) For the year ended 31 March 2023	(Yen) For the year ended 31 March 2024	(U.S. Dollars (Note 2)) 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	26					
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	26	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) 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
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) 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
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.

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

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

(17) Dividend distributions

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

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

① Financial liabilities
Financial liabilities are classified as either financial liabilities classified as FVTPL or financial liabilities measured at amortised cost. This classification is determined at initial recognition.

② Financial liabilities classified as FVTPL
Financial liabilities classified as FVTPL are either held for trading or designated as FVTPL at initial recognition. They are measured at fair value, and the subsequent changes are recognised in profit or loss.

③ Financial liabilities measured at amortised cost
Financial liabilities measured at amortised cost are measured at fair value minus transaction costs at initial recognition. After the initial recognition, they are measured at amortised cost by using the effective interest method. The gain or loss on cease of amortisation or derecognition is recognised in profit or loss as part of financial costs.

④ Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired.

⑤ Financial guarantee contracts
Financial guarantee contracts are initially measured at their fair values and subsequently measured at the higher of:
· the amount of loss allowance for expected credit losses, as determined in accordance with IFRS 9, "Financial Instruments"; and
· the amount initially recognised less cumulative amortisation recognised in accordance with IFRS 15, "Revenue from Contracts with Customers".

(19) Retirement benefit costs

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

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

Past service cost is recognised in profit or loss in the period of a plan amendment.
Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:
- Service cost (including current service cost, past service cost, as well as gains or losses on curtailments and settlements);
- Net interest expense or income; or
- Remeasurement.

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

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

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

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

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

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

The types of provisions are as follows:

① Asset retirement obligation

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

② Warranties provision

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

③ Contingent liabilities assumed in a business combination
Contingent liabilities resulting from a business combination are initially measured at fair value at the date of acquisition. Subsequent to initial recognition, such contingent liabilities are remeasured considering expected future payments, possible occurrence and timing of payments at each reporting period.

(21) Revenue

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

Step 1: Identify the contracts with customers
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when the entity satisfies a performance obligation

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

(22) Government grants

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

(23) Income taxes

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

The current tax is calculated based on estimated refund or payment from/to taxation authorities. The Group’s current tax liability is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period based on the taxable profit or loss for the Group’s operating activity in each country.
Deferred tax is provided using the asset and liability method on temporary differences, tax loss carryforwards and tax credits at the reporting date.

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

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

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

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

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

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

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

(24) Earnings per share

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

(25) Reclassification

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

4. Critical accounting judgements and key sources of estimation uncertainty

(1) Application of estimates and judgements

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

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

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

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

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

(2) Key sources of risk and estimation uncertainty

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

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

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

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

5. Operating segment information

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

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

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

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

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

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

Other business includes the business that provides mainly speech synthesis software 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".

(Millions of Yen)

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.

(Millions of 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)

Cost	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)

Accumulated depreciation and impairment losses	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Right-of-use assets	Total
Balance at 1 April 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)

Carrying amount	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Right-of-use assets	Total
Balance at 1 April 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))

Cost	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))

Accumulated depreciation and impairment losses	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Right-of-use assets	Total
Balance at 31 March 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))

Carrying amount	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Right-of-use assets	Total
Balance at 31 March 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)

Right-of-use assets	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))

Right-of-use assets	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)

①Finance leases

The Group leases its products and merchandises as a lessor.

Profit from finance lease contracts is as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 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)

Carrying amount	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))

Cost	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))

Accumulated amortisation and impairment losses	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))

Carrying amount	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))	Remaining useful lives (Years)
Technology	Health Care related products	1,212	5	1,054	6,964	4
	Medical related products	9,805	6	9,490	62,677	6
Customer related assets	Health Care related products	14,520	8	13,357	88,217	7
	Medical related products	4,102	10	4,032	26,632	10

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:

(Millions of Yen)

As at 31 March 2023				
	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

(Millions of Yen)

As at 31 March 2024				
	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

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

As at 31 March 2024				
	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.