



KONICA MINOLTA

KONICA MINOLTA, INC.

AUDITED FINANCIAL REPORT **2026**

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Giving Shape to Ideas

Consolidated Statement of Financial Position

Konica Minolta, Inc. and Subsidiaries

As of March 31, 2026 and 2025

Assets	Note	Millions of yen		Thousands of U.S. dollars
		2026	2025	2026
Current assets				
Cash and cash equivalents -----	7,35	¥ 110,762	¥ 89,904	\$ 692,782
Trade and other receivables -----	8,17,27,35	316,640	289,640	1,980,485
Inventories -----	9	210,467	207,644	1,316,406
Income tax receivables -----		3,562	2,736	22,279
Other financial assets -----	10,35	14,122	35,766	88,329
Other current assets -----		37,461	35,769	234,307
Subtotal -----		693,017	661,461	4,334,607
Assets held for sale -----	11	—	26,344	—
Total current assets -----		693,017	687,805	4,334,607
Non-current assets				
Property, plant and equipment -----	13,15	259,533	265,618	1,623,299
Goodwill and intangible assets -----	14,15	182,775	171,327	1,143,201
Investments accounted for using the equity method -----	16	1,086	1,019	6,793
Other financial assets -----	10,35	23,601	20,900	147,617
Deferred tax assets -----	18	28,235	27,697	176,601
Other non-current assets -----		46,659	43,272	291,838
Total non-current assets -----	5	541,892	529,835	3,389,367
Total assets -----		¥ 1,234,909	¥ 1,217,641	\$ 7,723,974

Liabilities	Note	Millions of yen		Thousands of U.S. dollars
		2026	2025	2026
Current liabilities				
Trade and other payables-----	19,35	¥ 172,737	¥ 170,722	\$ 1,080,417
Bonds and borrowings -----	20,21,35	113,670	129,668	710,971
Lease liabilities-----	17,21	19,962	18,551	124,856
Income tax payables -----		6,481	3,202	40,537
Provisions -----	22	14,114	26,256	88,279
Other financial liabilities-----	21,23,35	2,088	415	13,060
Other current liabilities -----	27	65,540	57,476	409,932
Subtotal -----		394,596	406,292	2,468,076
Liabilities directly associated with the assets held for sale -----	11	—	15,760	—
Total current liabilities-----		394,596	422,053	2,468,076
Non-current liabilities				
Bonds and borrowings -----	20,21,35	215,969	213,616	1,350,819
Lease liabilities-----	17,21	48,709	76,334	304,660
Retirement benefit liabilities-----	24	15,688	16,656	98,124
Provisions -----	22	4,039	8,149	25,263
Other financial liabilities-----	21,23,35	873	1,140	5,460
Deferred tax liabilities -----	18	2,957	2,530	18,495
Other non-current liabilities -----	24	3,104	3,080	19,415
Total non-current liabilities-----		291,342	321,509	1,822,254
Total liabilities-----		685,938	743,562	4,290,330
Equity				
Share capital-----	25	37,519	37,519	234,670
Share premium -----	25	203,664	203,899	1,273,855
Retained earnings -----	25	145,680	116,401	911,183
Treasury shares -----	25	(8,894)	(8,652)	(55,629)
Share acquisition rights -----	34	158	188	988
Other components of equity-----	25	158,377	113,798	990,599
Equity attributable to owners of the Company -----		536,505	463,154	3,355,673
Non-controlling interests -----		12,466	10,924	77,971
Total equity -----		548,971	474,079	3,433,644
Total liabilities and equity -----		¥ 1,234,909	¥ 1,217,641	\$ 7,723,974

Consolidated Statement of Profit or Loss

Konica Minolta, Inc. and Subsidiaries

For the fiscal years ended March 31, 2026 and 2025

	Note	Millions of yen		Thousands of U.S. dollars
		2026	2025	2026
Continuing Operations-----				
Revenue-----	5,27	¥ 1,087,738	¥ 1,127,882	\$ 6,803,465
Cost of sales-----	30	609,315	648,462	3,811,077
Gross profit -----		478,423	479,420	2,992,388
Other income -----	28	7,419	12,028	46,404
Selling, general and administrative expenses -----	30	425,232	447,492	2,659,695
Other expenses-----	15,29,30	10,741	107,970	67,182
Operating profit (loss) -----	5	49,869	(64,014)	311,915
Finance income-----	31	4,848	3,273	30,323
Finance costs-----	31	11,298	18,420	70,665
Share of profit (loss) in investments accounted for using the equity method -----	16	(7)	4	(44)
Profit (loss) before tax-----		43,411	(79,156)	271,522
Income tax expense -----	18	9,642	16,229	60,308
Profit (loss) from Continuing Operations -----		33,768	(95,386)	211,208
Discontinued Operation -----				
Profit (loss) from Discontinued Operation -----	12	(1,932)	45,069	(12,084)
Profit (loss) for the year -----		¥ 31,836	¥ (50,316)	\$ 199,124
Profit (loss) for the year attributable to:	12			
Owners of the Company-----		¥ 30,268	¥ (47,484)	\$ 189,317
Non-controlling interests -----		1,568	(2,832)	9,807

		Yen		U.S. dollars
Profit (loss) per share -----	32			
Basic -----		¥61.25	¥(95.98)	\$0.38
Continuing Operations -----		65.19	(186.71)	0.41
Discontinued Operation -----		(3.94)	90.73	(0.02)
Diluted-----		61.06	(95.98)	0.38
Continuing Operations -----		64.98	(186.71)	0.41
Discontinued Operation -----		(3.93)	90.73	(0.02)

Consolidated Statement of Comprehensive Income

Konica Minolta, Inc. and Subsidiaries

For the fiscal years ended March 31, 2026 and 2025

	Note	Millions of yen		Thousands of U.S. dollars
		2026	2025	2026
Profit (loss) for the year -----		¥ 31,836	¥ (50,316)	\$ 199,124
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit pension plans (net of tax) -----	33	1,435	(1,368)	8,975
Net gain (loss) on revaluation of financial assets measured at fair value (net of tax) -----	33	1,984	1,035	12,409
Total items that will not be reclassified to profit or loss -----		3,419	(333)	21,385
Items that may be subsequently reclassified to profit or loss				
Net gain (loss) on derivatives designated as cash flow hedges (net of tax) -----	33	(8)	152	(50)
Exchange differences on translation of foreign operations (net of tax) -----	33	43,837	(26,418)	274,187
Share of other comprehensive income of investments accounted for using the equity method (net of tax) -----	33	70	2	438
Total items that may be subsequently reclassified to profit or loss -		43,899	(26,263)	274,575
Total other comprehensive income -----		47,319	(26,596)	295,966
Total comprehensive income for the year -----		¥ 79,155	¥ (76,913)	\$ 495,090
Total comprehensive income for the year attributable to:				
Owners of the Company -----		¥ 76,342	¥ (74,388)	\$ 477,496
Non-controlling interests -----		2,812	(2,524)	17,588

Consolidated Statement of Changes in Equity

Konica Minolta, Inc. and Subsidiaries

For the fiscal years ended March 31, 2026 and 2025

Millions of yen										
	Note	Share capital	Share premium	Retained earnings	Treasury shares	Share acquisition rights	Other components of equity	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance at April 1, 2024		¥ 37,519	¥ 203,831	¥ 167,927	¥ (8,886)	¥ 250	¥ 139,175	¥ 539,816	¥ 13,566	¥ 553,382
Loss for the year		–	–	(47,484)	–	–	–	(47,484)	(2,832)	(50,316)
Other comprehensive income	33	–	–	–	–	–	(26,904)	(26,904)	308	(26,596)
Total comprehensive income for the year		–	–	(47,484)	–	–	(26,904)	(74,388)	(2,524)	(76,913)
Dividends	26	–	–	(2,472)	–	–	–	(2,472)	(158)	(2,630)
Acquisition and disposal of treasury shares	25	–	–	(40)	233	–	–	192	–	192
Share-based payments	34	–	68	–	–	(61)	–	6	–	6
Changes in the scope of consolidation		–	–	–	–	–	–	–	41	41
Equity and other transactions with non-controlling shareholders		–	0	–	–	–	–	0	–	0
Transfer from other components of equity to retained earnings	25	–	–	(1,528)	–	–	1,528	–	–	–
Total transactions with owners		–	68	(4,041)	233	(61)	1,528	(2,273)	(117)	(2,390)
Balance at March 31, 2025		37,519	203,899	116,401	(8,652)	188	113,798	463,154	10,924	474,079
Profit for the year		–	–	30,268	–	–	–	30,268	1,568	31,836
Other comprehensive income	33	–	–	–	–	–	46,074	46,074	1,244	47,319
Total comprehensive income for the year		–	–	30,268	–	–	46,074	76,342	2,812	79,155
Dividends	26	–	–	(2,470)	–	–	–	(2,470)	(447)	(2,918)
Acquisition and disposal of treasury shares	25	–	–	(14)	(241)	–	–	(256)	–	(256)
Share-based payments	34	–	107	–	–	(30)	–	77	–	77
Changes in the scope of consolidation		–	–	–	–	–	–	–	(348)	(348)
Changes in ownership interests in subsidiaries		–	(211)	–	–	–	–	(211)	(474)	(686)
Equity and other transactions with non-controlling shareholders		–	(130)	–	–	–	–	(130)	–	(130)
Transfer from other components of equity to retained earnings	25	–	–	1,496	–	–	(1,496)	–	–	–
Total transactions with owners		–	(234)	(989)	(241)	(30)	(1,496)	(2,992)	(1,270)	(4,263)
Balance at March 31, 2026		¥ 37,519	¥ 203,664	¥ 145,680	¥ (8,894)	¥ 158	¥ 158,377	¥ 536,505	¥ 12,466	¥ 548,971

Thousands of U.S. dollars

	Share capital	Share premium	Retained earnings	Treasury shares	Share acquisition rights	Other components of equity	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance at March 31, 2025	\$ 234,670	\$ 1,275,325	\$ 728,052	\$ (54,116)	\$ 1,176	\$ 711,771	\$ 2,896,885	\$ 68,326	\$ 2,965,218
Profit for the year	-	-	189,317	-	-	-	189,317	9,807	199,124
Other comprehensive income	-	-	-	-	-	288,179	288,179	7,781	295,966
Total comprehensive income for the year	-	-	189,317	-	-	288,179	477,496	17,588	495,090
Dividends	-	-	(15,449)	-	-	-	(15,449)	(2,796)	(18,251)
Acquisition and disposal of treasury shares	-	-	(88)	(1,507)	-	-	(1,601)	-	(1,601)
Share-based payments	-	669	-	-	(188)	-	482	-	482
Changes in the scope of consolidation	-	-	-	-	-	-	-	(2,177)	(2,177)
Changes in ownership interests in subsidiaries	-	(1,320)	-	-	-	-	(1,320)	(2,965)	(4,291)
Equity and other transactions with non-controlling shareholders	-	(813)	-	-	-	-	(813)	-	(813)
Transfer from other components of equity to retained earnings	-	-	9,357	-	-	(9,357)	-	-	-
Total transactions with owners	-	(1,464)	(6,186)	(1,507)	(188)	(9,357)	(18,714)	(7,943)	(26,664)
Balance at March 31, 2026	\$ 234,670	\$ 1,273,855	\$ 911,183	\$ (55,629)	\$ 988	\$ 990,599	\$ 3,355,673	\$ 77,971	\$ 3,433,644

Consolidated Statement of Cash Flows

Konica Minolta, Inc. and Subsidiaries

For the fiscal years ended March 31, 2026 and 2025

	Note	Millions of yen		Thousands of U.S. dollars
		2026	2025	2026
Cash flows from operating activities				
Profit (loss) before tax -----		¥ 43,411	¥ (79,156)	\$ 271,522
Profit (loss) before tax from Discontinued Operation-----	12	(1,928)	42,687	(12,059)
Depreciation and amortization expenses-----		58,683	74,588	367,044
Impairment losses and reversal of impairment losses-----	15	987	52,548	6,173
Interest and dividends income-----		(3,314)	(3,181)	(20,728)
Interest expenses -----	31	10,983	11,961	68,695
Losses on sales and disposals of property, plant and equipment and intangible assets-----	28,29	519	4,619	3,246
(Increase) Decrease in trade and other receivables -----		2,351	(1,375)	14,705
Decrease in inventories -----		14,990	6,947	93,758
Decrease in trade and other payables-----		(14,503)	(8,599)	(90,712)
Decrease due to transfer of rental assets-----		(5,811)	(7,368)	(36,346)
Increase (decrease) in retirement benefit liabilities-----		(3,423)	47	(21,410)
Impairment losses and reversal of impairment losses in assets held for sale-----	11	—	11,907	—
Impairment losses and reversal of impairment losses in assets held for sale of discontinued operation (Gain on reversal of impairment losses) -----	12	—	(24,359)	—
Others-----		344	(13,441)	2,152
Subtotal -----		103,290	67,825	646,047
Dividends received -----	31	401	339	2,508
Interest received -----	31	2,969	2,576	18,570
Interest paid -----		(10,828)	(11,972)	(67,726)
Income taxes (paid) refunded-----		(9,547)	(7,675)	(59,714)
Net cash provided by operating activities -----		86,286	51,093	539,692

		Millions of yen		Thousands of U.S. dollars
	Note	2026	2025	2026
Cash flows from investing activities				
Purchase of property, plant and equipment -----		¥ (47,915)	¥ (25,794)	\$ (299,694)
Purchase of intangible assets -----		(13,187)	(15,569)	(82,481)
Proceeds from sales of property, plant and equipment, and intangible assets -----		3,653	3,321	22,848
Purchase of subsidiaries-----		—	(699)	—
Proceeds from sales of subsidiaries-----	12	5,749	66,112	35,958
Payments for sales of subsidiaries -----		(1,223)	(1,935)	(7,649)
Proceeds from sales of investment securities -----	12	21,311	737	133,294
Proceeds from transfer of business-----		432	—	2,702
Payments for transfer of business-----		(241)	—	(1,507)
Others-----		(2,595)	(1,564)	(16,231)
Net cash provided by (used in) investing activities -----		(34,017)	24,607	(212,766)
Cash flows from financing activities				
Decrease in short-term loans payable-----	21	(29,039)	(79,954)	(181,630)
Proceeds from bonds issuance and long-term loans payable -----	20,21	47,593	28,289	297,680
Redemption of bonds and repayments of long-term loans payable	20,21	(33,428)	(33,255)	(209,082)
Repayments of lease liabilities-----	21	(21,557)	(22,086)	(134,832)
Cash dividends paid -----	26	(2,371)	(2,353)	(14,830)
Payment of dividends to non-controlling shareholders -----		(452)	(158)	(2,827)
Proceeds from stock issuance to non-controlling interests -----		—	41	—
Purchase of shares of subsidiaries not resulting in change in scope of consolidation-----		(686)	—	(4,291)
Others-----		(326)	(1,383)	(2,039)
Net cash used in financing activities-----		(40,267)	(110,861)	(251,858)
Effect of exchange rate changes on cash and cash equivalents -----		5,874	(1,583)	36,740
Net increase (decrease) in cash and cash equivalents -----		17,875	(36,744)	111,803
Cash and cash equivalents at the beginning of the year-----		92,887	129,631	580,979
Cash and cash equivalents at the end of the year -----	7	¥ 110,762	¥ 92,887	\$ 692,782

Notes to the Consolidated Financial Statements

Konica Minolta, Inc. and Subsidiaries

For the fiscal years ended March 31, 2026 and 2025

1. Reporting company

Konica Minolta, Inc. (the “Company”) is a company incorporated and located in Japan and listed on the Prime Market of the Tokyo Stock Exchange. The consolidated financial statements comprise the Company and its subsidiaries (the “Group”) and the Group’s interest in associates. The principal businesses are those related to Digital Workplace Business, Professional Print Business, Industry Business and Imaging Solutions Business.

The reportable segments have been reclassified from the current fiscal year. Details are described in “V. Financial Information, 1. Consolidated Financial Statements, Etc. (1) Consolidated Financial Statements, note 5 Operating segments.”

Toshimitsu Taiko, Director, President and CEO, and Representative Executive Officer of the Company authorized the consolidated financial statements for the fiscal year ended March 31, 2026 for issue on June 12, 2026.

2. Basis of preparation

(1) Statement of compliance

As the Company satisfies all conditions stipulated for a “Specified Company under Designated International Accounting Standards” as provided in Article 1-2 of the “Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements,” the Company has prepared its consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”) as provided in Article 312 of the same regulation.

(2) Basis of measurement

The consolidated financial statements of the Group are prepared on the basis of historical cost, except for financial instruments measured at fair value, post-retirement benefit plan liabilities and post-retirement benefit plan assets, etc. as described in note 3 “Material accounting policies.”

(3) Functional and presentation currency

The consolidated financial statements of the Group are presented in Japanese yen, which is the functional currency of the Company. All financial information presented in Japanese yen has been rounded down to the million.

Financial information in United States (U.S.) dollars is included solely for the convenience of readers, and are translated from the corresponding Japanese yen amounts using the exchange rate on March 31, 2026, which is ¥159.88 to U.S. \$1.00. The translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other exchange rate.

(4) Changes in accounting policies

The Group has applied the same accounting policies as those applied in the consolidated financial statements of the previous fiscal year, with no change to the material accounting policies.

Although there have been minor amendments in some standards, they do not have a material impact on the Group’s results of operations or financial position.

(5) Standards and interpretations announced but not adopted

Standards and interpretations that were announced by the approval date of the consolidated financial statements of the Group are described below.

As of the end of current fiscal year, the Group has not adopted these standards and interpretations. The Group is considering the impact of these standards and interpretations on the consolidated financial statements in or after the fiscal year ending March 31, 2027, which is the fiscal year in which the Group will adopt these standards and interpretations.

Standards and interpretations	Mandatory adoption (From fiscal year beginning on or after)	Fiscal year in which Company will adopt standard	Summary
IFRS 9 Financial Instruments IFRS 7 Financial Instruments: Disclosures	January 1, 2026	Fiscal year ending March 31, 2027	Clarification of the classification of financial assets with ESG-linked features, and clarification of the derecognition date for financial instruments settled through electronic payment systems
IFRS 9 Financial Instruments IFRS 7 Financial Instruments: Disclosures	January 1, 2026	Fiscal year ending March 31, 2027	Targeted amendments to help companies more appropriately report nature-dependent electricity contracts
IFRS 18 Presentation and Disclosure in Financial Statements	January 1, 2027	Fiscal year ending March 31, 2028	Revision of presentation and disclosure in financial statements
IFRS 19 Subsidiaries without Public Accountability: Disclosures	January 1, 2027	Fiscal year ending March 31, 2028	New standard that permits eligible subsidiaries to apply IFRS accounting standards with reduced disclosure requirements

3. Material accounting policies

Material accounting policies of the Group are described below. These policies have been applied consistently to all fiscal years presented in the consolidated financial statements.

(1) Basis of consolidation

The consolidated financial statements of the Group have been prepared based on the financial statements of the Company, its subsidiaries, and the Group’s associates and joint ventures, which applied the accounting policies consistently.

The financial statements of subsidiaries, associates and joint ventures have been adjusted when necessary for them to align with the Group accounting policies.

1) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when, it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements of the Group from the date that the control commences until the date that the control ceases. In the event that the control continues after the Company has relinquished a portion of its interest in subsidiaries, this change is accounted for as a transaction with owners. Adjustments to non-controlling interests (NCI) and differences with the fair value of consideration are recognized directly in equity as equity attributable to owners of the Company.

Balances and transactions within the Group and any unrealized income and expenses arising from these transactions are eliminated in preparing the consolidated financial statements.

With respect to the comprehensive income of subsidiaries, even if the balance of NCI is negative, this income is attributed to owners of the Company and NCI respectively based on their proportional ownership.

2) Associates and joint ventures

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies of these entities.

Joint ventures are those entities over which multiple parties including the Group have joint control under a contractual arrangement whereby unanimous consent is required for important decision-making on business activities of the entity, and have rights to net assets of the entity under this arrangement.

Investments in associates and joint ventures are accounted for using the equity method. Investments in associates and joint ventures to which the equity method was applied (hereafter, "associates accounted for using the equity method") are initially recognized at cost. Subsequent to initial recognition, the Group's share in the profit or loss and other comprehensive income (OCI) of associates accounted for using the equity method, is recognized as changes in the Group's investment in associates accounted for using the equity method from the day that significant influence or joint control commences until the date that significant influence or joint control ceases.

(2) Business combinations

The Group accounts for business combinations using the acquisition method, recording as historical cost the total amount of the fair value of the consideration transferred on the acquisition date and the recognized amount of any NCI in the acquiree. NCI are measured based on the proportional ownership of their fair value or the fair value of the recognized amount of the identifiable assets acquired and liabilities assumed.

In the event the total amount of the fair value of consideration transferred, the recognized amount of NCI and the fair value of the pre-existing interest in the acquiree as of the date on which control was acquired exceeds the net recognized amount of the identifiable assets acquired and liabilities assumed on the date of acquisition, this excess is recognized as goodwill. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. Additional acquisitions of NCI subsequent to the initial acquisition are treated as capital transactions, and no goodwill is recognized on these transactions.

In the case of business combinations achieved in stages, pre-existing interest in the acquiree held by the Group is remeasured at fair value as of the date when control is obtained and any resulting gains or losses are recognized in profit or loss.

Intermediary fees, attorneys' fees, due diligence fees and other specialist remuneration, consulting fees and any similar costs are expensed as incurred.

If the initial accounting for a business combination is not completed by the end of the fiscal year in which that business combination occurred, uncompleted items are recognized at their provisional amounts. If information pertaining to the reality and conditions likely to affect the measurement of amounts recognized on the acquisition date and information on the determined period (the "measurement period") exist and are known on the acquisition date, that information is reflected and the provisionally recognized amounts are retroactively adjusted on the acquisition date. This additional information may be recognized as additional assets and liabilities. The maximum measurement period is one year.

(3) Foreign currency translation

1) Functional currency and presentation currency

The consolidated financial statements of the Group are presented in Japanese yen, which is the functional currency of the Company. The foreign operations of the Group principally use local currencies as their functional currencies. However, if the currency of the primary economic environment in which an entity operates is other than its local currency, the functional currency other than the local currency is used.

2) Foreign currency transactions

Foreign currency transactions, or transactions that occur in currencies other than entities' functional currencies, are translated to the respective functional currencies of the Group entities at exchange rates or approximate rates at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate on the fiscal year-end date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate on the date of the transaction.

Foreign currency differences resulting from translation or settlement are recognized in profit or loss. However, foreign currency differences resulting from financial instruments measured at fair value through OCI, cash flow hedges and a hedge of the net investment in a foreign operation are recognized in OCI.

3) Foreign operations

In preparing the consolidated financial statements, the assets and liabilities of foreign operations employing functional currencies other than Japanese yen are translated to Japanese yen at the exchange rates as of the fiscal year-end date, while income, expenses and cash flows are translated to Japanese yen at the exchange rates on their transaction dates or at the average exchange rates for the fiscal period that approximates the exchange rates on their transaction dates. Resulting foreign currency differences are recognized in OCI, and their cumulative amount is presented in other components of equity.

In the event all interests in a foreign operation are disposed of or a portion of the interest is disposed of such that the control is lost, these cumulative amount in the other components of equity is reclassified in whole or in part, from OCI to profit or loss in the period of disposal.

4) Hedge of a net investment in a foreign operation

The Group uses financial instruments to hedge a portion of its foreign exchange exposure in net investments in foreign operations, adopting hedge accounting for this purpose.

Foreign currency differences arising from translation of the financial instruments designated as a hedge of a net investment in a foreign operation are recognized in OCI to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognized in profit or loss. Concerning the effective portion of the hedge that is recognized as OCI, in the event all interests in a foreign operation are disposed of or a portion of the interest is disposed of such that the control is lost, the relevant amount is transferred from OCI to profit or loss in the period of disposal.

(4) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be withdrawn as needed, and short-term investments that are easily converted into cash with little risk from a change in value.

(5) Financial instruments

The Group initially recognizes financial instruments as financial assets and liabilities on the transaction date on which the Group becomes a party to the contractual provisions of these financial instruments.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the contractual rights to receive the cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group only sets off the balances of financial assets and financial liabilities and presents their net amount in the consolidated statement of financial position if the Group has the legal right to set off these balances and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Fair value of financial instruments that are traded in active financial markets at the fiscal year-end makes reference to quoted market prices of identical assets and liabilities. If there is no active market, fair value of financial instruments is determined using appropriate valuation techniques.

1) Non-derivative financial assets

Upon initial recognition, the Group classifies and holds non-derivative financial assets as financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income (FVTOCI) (debt instruments and equity instruments), and financial assets measured at fair value through profit or loss (FVTPL).

(a) Financial assets measured at amortized cost

The Group classifies financial assets as financial assets measured at amortized cost only if the asset is held within a business model of which objective is to hold assets in order to collect contractual cash flows and if the contractual terms of the financial asset give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For these financial assets, trade receivables that do not contain any significant financial component are initially measured at the transaction price, and other financial assets are initially measured at their fair value plus transaction costs. After initial recognition, the financial assets are measured at amortized cost using the effective interest method.

(b) Financial assets measured at FVTOCI

Upon initial recognition, the Group elects irrevocably to recognize the valuation differences of those equity instruments held to expand its revenue base by maintaining or strengthening relations with business partners in OCI, and once this designation is made, it is applied on a continuous basis and cannot be revoked.

Debt instruments are classified as financial assets measured at FVTOCI only if the instrument is held within a business model of which objective is achieved by both collecting contractual cash flows and selling financial assets and if the contractual terms give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at FVTOCI are initially recognized at their fair value plus any directly attributable transaction costs. After initial recognition, fair value is measured, and any changes in fair value are recognized in OCI. Upon derecognition of these financial assets or when they fall substantially below their fair value, the cumulative profits or losses recognized through OCI are transferred to retained earnings.

Dividends on financial assets measured at FVTOCI are recognized as finance income in profit or loss.

(c) Financial assets measured at FVTPL

The Group measures all financial assets that are not classified as financial assets measured at amortized cost or FVTOCI described above at fair value with changes in the fair value recognized in profit or loss.

Transaction costs related to financial assets measured at FVTPL are recognized in profit or loss as incurred.

(d) Impairment of financial assets

The Group recognizes allowance for doubtful accounts for expected credit loss for impairment of financial assets measured at amortized cost, lease receivables, contract assets, and debt instruments measured at FVTOCI. The Group assesses, at the end of each reporting period, whether credit risk on the financial asset measured has significantly increased since initial recognition. If credit risk has not significantly increased since initial recognition, an amount equal to 12-month expected credit loss is recognized as allowance for doubtful accounts. On the other hand, if credit risk has significantly increased since initial recognition, an amount equal to lifetime expected credit loss is recognized as allowance for doubtful accounts. However, for trade receivables that do not contain any significant financial component, lease receivables and contract assets, the Group does not assess whether credit risk has significantly increased since initial recognition and always recognizes an amount equal to lifetime expected credit loss as allowance for doubtful accounts. In addition, the Group quarterly confirms whether there is any objective evidence showing an indication of impairment such as significant deterioration of financial position of the borrower or a group of borrowers, default or delinquency in payment and bankruptcy of the borrower.

Specific expected credit loss is measured on individually significant financial assets. Financial assets that are not individually significant are collectively measured for expected credit loss by grouping together financial assets with similar risk characteristics.

Expected credit loss is measured at an amount calculated by discounting a difference between all contractual cash flows that are due to the Group in accordance with the contract and all cash flows that the entity expects to receive, using the original effective interest rate, and is recognized in profit or loss by recognizing the allowance for doubtful accounts. Subsequently, if the Group determines that the financial asset is non-recoverable due to deterioration of the business partner's financial position and other reasons, the carrying amount of the asset is directly reduced, offsetting the carrying amount by the allowance for doubtful accounts.

2) Non-derivative financial liabilities

Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these liabilities are measured at amortized cost using the effective interest method. However, contingent consideration on recognition as a financial liability is remeasured at fair value and any changes are recognized in profit or loss.

3) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge exchange rate risk exposures and interest rate risk exposures. The Group limits its transactions in these instruments to those actually required for hedging purposes and not for speculative purposes.

Derivative financial instruments are initially recognized at fair value, with any attributable transaction costs recognized in profit or loss as they occur. After initial recognition, fair value is remeasured, and the following accounting policies are applied for changes depending on whether the derivative financial instruments specified as the hedging instrument satisfy the conditions for hedge accounting. The Group specifies those derivative financial instruments that satisfy the conditions for hedge accounting as hedging instruments and applies hedge accounting on them.

(a) Derivative financial instruments that do not satisfy the conditions for hedge accounting

The Group recognizes changes in fair value of derivative financial instruments that do not satisfy the conditions for hedge accounting in profit or loss.

(b) Derivative financial instruments that satisfy the conditions for hedge accounting

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, and the objectives and strategies of risk management for undertaking the hedge, as well as the method for assessing the effectiveness of the hedge. At the inception of the hedge and on an ongoing basis thereafter, hedges are assessed as to whether the derivative specified as the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item.

For cash flow hedge, the effective portion of changes in the fair value of the hedging instrument is recognized in OCI, while the ineffective portion is recognized immediately in profit or loss. The cumulative profits or losses recognized through OCI are reclassified from OCI to profit or loss in the consolidated statement of comprehensive income in the same period during which the cash flows of the hedged item affect profit and loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or if the forecast transaction is no longer expected to occur, then hedge accounting is discontinued prospectively.

(6) Inventories

The cost of inventories includes purchase costs, processing costs and all other costs incurred to bring inventories to their present location and condition.

Inventories are measured at the lower of cost or net realizable value. The weighted average method is used to calculate cost. If net realizable value is less than the cost, that difference is accounted for as a write off and recognized as an expense. Net realizable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and estimated costs necessary to make the sale.

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

The cost of property, plant and equipment includes any costs directly attributable to the acquisition of the asset and dismantlement, removal and restoration costs, as well as borrowing costs that satisfy the conditions for capitalization.

When measuring property, plant and equipment after initial recognition, the cost model is adopted, whereby such items are measured at cost less accumulated depreciation and accumulated impairment losses.

Except for land and construction in progress, the cost less residual value of each asset is depreciated on a straight-line basis over its estimated useful life.

Estimated useful life, residual value or depreciation method are reviewed at the fiscal year-end date, and the effect of any changes in estimate is accounted for during the period in which the change occurred and on a prospective basis. The effect of any changes in estimate is recognized in the period in which the change occurs.

The estimated useful lives of major assets are as follows:

Buildings and structures:	3–50 years
Machinery and vehicles:	2–15 years
Tools and equipment:	2–20 years
Rental assets:	3–5 years

(8) Goodwill

Details on the measurement of goodwill at initial recognition are described in (2) Business combinations.

Goodwill is not amortized. It is allocated to an asset, cash-generating unit (CGU) or group of CGUs that are identified according to locations and types of business and tested for impairment annually or when there is any indication of impairment. Impairment losses on goodwill are recognized in profit or loss.

After initial recognition, goodwill is presented at cost less accumulated impairment losses.

(9) Intangible assets

Intangible assets acquired separately are measured at cost at the initial recognition, and the cost of intangible assets acquired through business combinations is recognized at fair value at the acquisition date.

Expenditures on internally generated intangible assets are recognized as expenses in the period when incurred, except for those that satisfy the criteria for recognition as assets. Internally generated intangible assets that satisfy the criteria for recognition as assets are stated at cost in the total amount of spending that is incurred after the assets first met recognition criteria.

When performing subsequent measurement of intangible assets, the cost model is adopted and such items are measured at cost less accumulated amortization and accumulated impairment losses.

1) Intangible assets with definite useful lives

Intangible assets for which useful lives can be determined are amortized on a straight-line basis over their estimated useful lives from the date the assets are available for use. These assets are also tested for impairment whenever there is any indication of impairment.

Estimated useful lives, residual values and amortization methods are reviewed at fiscal year-end date, and the effect of any changes in estimate are accounted for during the period in which the change occurred and on a prospective basis. The effect of any changes in estimate is recognized in the period in which the change occurs.

The estimated useful lives of major assets are as follows:

Customer relationships:	5–14 years
Software:	2–15 years
Technologies:	8–16 years
Others:	2–20 years

2) Intangible assets with indefinite useful lives and intangible assets that are not yet in use

Intangible assets for which useful lives cannot be determined and intangible assets that are not yet in use are not amortized. These assets are tested for impairment each fiscal year and whenever any indication of impairment is identified.

(10) Research and development expense

Research-related expenditures are recognized as expenses when incurred. Development-related expenditures are recorded as assets only when

they can be reliably measured, when they are technologically and commercially realizable as products or processes, when they are highly likely to generate future economic benefits, and when the Group intends to complete development and use or sell the assets and has sufficient resources to do so. Other expenditures are recognized as expenses when incurred.

(11) Leases

1) Lessees

The Group recognizes right-of-use assets and lease liabilities at the commencement date of the lease, excluding short-term leases and leases of low-value assets.

Lease liabilities are measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used. Interest expense is allocated over the lease term using a constant rate on the remaining balance of lease liabilities, and is recognized as an expense in the attributable period.

Right-of-use assets are measured at the amount of the initial measurement of the lease liability, including restoration costs of the underlying asset, adjusted for any initial direct costs. After the initial measurement, the Group applies a cost model and measures the right-of-use assets at cost less any accumulated depreciation and any accumulated impairment losses, presented as property, plant and equipment in the consolidated statement of financial position. Costs are depreciated over the shorter period of the estimated useful life or the lease term of the underlying asset on a straight-line basis.

Lease payments relating to the short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the lease term.

2) Lessors

The Group classifies leases as finance leases when lease agreements transfer substantially all the risks and rewards incidental to ownership to the lessee. All other lease agreements are classified as operating leases.

In finance lease transactions, net investment in the lease is recognized as trade and other receivables in the consolidated statement of financial position. Unearned finance income is apportioned at a constant rate against net investment over the lease term and recognized as revenue in the period to which it is attributable.

In operating lease transactions, underlying assets are recorded as property, plant and equipment in the consolidated statement of financial position. Lease payments are recognized as revenue on a straight-line basis over the lease term.

(12) Impairment of non-financial assets and investments accounted for using the equity method

During each fiscal year, the Group assesses whether there is any indication that a non-financial asset (excluding inventories, deferred tax assets and post-retirement benefit plan assets) or investment accounted for using the equity method may be impaired. If any such indication exists, then an impairment test is performed. For goodwill and intangible assets with indefinite useful lives or that are not yet in use, an impairment test is performed each year and whenever there is any indication of impairment.

In an impairment test, the recoverable amount is estimated, and the carrying amount and recoverable amount are compared. The recoverable amount of an asset, CGU or group of CGUs is determined at the higher of its fair value less costs of disposal or its value in use. In determining the value in use, estimated future cash flows are discounted to the present value, using pre-tax discount rates that reflect current market assessments of the time value of money and the risks specific to the asset. In calculating the fair value less costs of disposal, the Group uses an appropriate valuation model based on available fair value inputs.

If as the result of the impairment test, the recoverable amount of an asset, CGU or group of CGUs is below its carrying amount, an impairment loss is recognized. In recognizing impairment losses on CGUs, including goodwill, first the carrying amount of goodwill allocated to the CGUs is reduced. Next, the carrying amounts of other assets within the CGUs are reduced proportionally.

If there is any indication that an impairment loss recognized in previous periods may be reversed, the impairment loss is reversed if the recoverable amount exceeds the carrying amount as a result of estimating the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Goodwill that forms part of the carrying amount of an investment accounted for using the equity method is not recognized separately, and the investment accounted for using the equity method is to be impaired as a single asset.

(13) Non-current assets or disposal groups classified as held for sale

Non-current assets or disposal groups that are not in continuing use and for which recovery through sale is expected, that are highly likely to be sold within one year, and that can be quickly sold in their current condition are classified as held for sale. Non-current assets or disposal groups classified as held for sale are classified separately from other assets and liabilities as assets held for sale and liabilities directly associated with the assets held for sale, and recorded in the consolidated statement of financial position.

(14) Employee benefits

1) Post-retirement benefits

The Group employs defined benefit plans and defined contribution plans as post-retirement benefit plans for employees.

(a) Defined benefit plans

The Group calculates the present value of the defined benefit obligations, related current service cost and past service cost using the projected unit credit method.

For a discount rate, a discount period is determined based on the period until the expected date of benefit payment in each fiscal year, and the discount rate is determined by reference to market yields for the period corresponding to the discount period at the end of the fiscal year on high-quality corporate bonds.

Assets and liabilities related to the post-retirement benefit plans are calculated by the present value of the defined benefit obligation, deducting the fair value of any plan assets, and their net amounts, with consideration of the effect of the asset ceiling, are recognized in the consolidated statement of financial position. The net amount of interest income related to plan assets in the post-retirement benefit plans, interest costs related to defined benefit obligation, and current service cost is recognized as profit or loss.

Remeasurements of defined benefit pension plans are recognized in full in OCI in the period when they are incurred and transferred to retained earnings from other components of equity immediately. The entire amount of past service costs is recognized as profit or loss in the period when incurred.

(b) Defined contribution plans

The cost for defined-contribution post-retirement benefit plans is recognized as an expense when related services are provided by the employee.

2) Short-term employee benefits

Short-term employee benefits are not discounted, but are recognized as expenses when related services are provided by the employee.

If the Group has a present legal or constructive obligation to pay bonuses and paid vacation expenses and the obligation can be estimated reliably, a liability is recognized for the estimated payment amounts.

(15) Share-based payment

1) Share option plan

The Group has in place for directors (excluding outside directors), executive officers, and group executives of the Company a share option plan as an equity-settled share-based payment plan. Share options are estimated at fair value at grant date and are recognized as an expense over the vesting period after considering the number of share options that are expected to be eventually vested. The corresponding amount is recognized as an increase in equity. For the share option plan, the Group has decided not to grant new share options after the 12th share options, which were issued in August 2016, as last ones.

2) Share-based payment plan

The Group has in place for non-executive inside directors, executive officers, corporate vice presidents and technology fellows of the Company an equity-settled Directors' Compensation Board Incentive Plan (BIP) Trust. In addition, the Company's shares held by the trust are recognized as treasury shares. Consideration for services received is measured by reference to fair value of the Company's shares on the grant date and recognized as expenses from the grant date over the vesting period, and the corresponding amount is recognized as share premium.

(16) Provisions

The Group has present legal or constructive obligations resulting from past events and recognizes provisions when it is probable that economic outflows will be required to settle the obligations and the amount of the obligations can be estimated reliably.

Where the effect of the time value of money is material to the provisions, the amount of provisions is measured at the present value of the estimated future cash flows discounted to present value using the pre-tax discount rates reflecting current market assessments of the time value of money and the risks specific to the liability. Reversals of discounts to reflect the passage of time are recognized as finance costs.

(17) Revenue

The Group recognizes revenue based on the following five steps.

- Step 1: Identify the contract(s) with a customer
- 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: Recognize revenue when (or as) a performance obligation is satisfied

Revenue from sales of goods is recognized when control of the goods is transferred to a customer, and revenue is measured at an amount of the consideration promised in a contract with a customer less returns, discounts, rebates, and other similar items.

Revenue from providing services is recognized upon completion of providing services when the performance obligation is satisfied at a point in time, and it is recognized over the term of a contract depending on the progress at the end of each reporting period when the performance obligation is satisfied over time.

The incremental costs of obtaining a contract with a customer, and the costs incurred to fulfill a contract with a customer, are capitalized if they are expected to be recovered. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that would not have been incurred if the contract had not been obtained. Assets recognized from contract costs are amortized on a straight-line basis over the estimated contract period of the customer.

(18) Government grants

The Group initially recognizes government grants as deferred income at fair value when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attached to it.

After initial recognition, grants associated with assets are recognized in profit or loss on a systematic basis over the useful lives of the assets. For grants associated with revenue, revenue is recognized as other income in profit or loss in the periods when related expenses are recognized.

(19) Income taxes

Current and deferred taxes are stated as income tax expense in the consolidated statement of profit or loss except when they relate to business combinations or on items recognized in OCI or directly in equity.

The current and deferred taxes relating to items recognized in OCI are recognized as OCI.

1) Current taxes

Current income taxes are measured at the amount that is expected to be paid to or refunded by the tax authorities. For the calculation of the tax amount, the Group uses the tax rates and tax laws that have been enacted or substantively enacted by the end of the fiscal year.

2) Deferred taxes

Deferred income taxes are calculated based on the temporary differences between the amounts used for tax purpose and the carrying amount for assets and liabilities at the fiscal year end. Deferred tax assets are recognized for deductible temporary differences, unused tax credits and unused tax losses to the extent that it is probable that future taxable profit will be available against which they can be utilized. Deferred tax liabilities are recognized for taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the fiscal year when the asset is realized or the liability is settled, based on the tax rates and the tax laws that have been enacted or substantively enacted by the fiscal year end.

Deferred tax assets and deferred tax liabilities are not recognized for the following temporary differences:

- taxable temporary differences on initially recognized goodwill
- temporary differences arising from the initial recognition of assets or liabilities in transactions that are not business combinations and at the time of transaction affect neither accounting profit nor taxable profit or tax loss and that do not create taxable temporary differences or deductible temporary differences of the same amount at the time of transaction
- taxable temporary differences on investments in subsidiaries and associates to the extent that the timing of the reversal of the temporary difference is controlled and that it is probable the temporary difference will not reverse in the foreseeable future
- deductible temporary differences on investments in subsidiaries and associates to the extent that it is not probable the temporary differences will reverse in the foreseeable future

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority on the same taxable entity (including group tax sharing system and consolidated tax payment system).

The Group has also applied the temporary exceptions set out in “International Tax Reform — Pillar Two Model Rules” (which amended IAS 12 Income Taxes), and does not recognize or disclose deferred tax assets and liabilities arising from global minimum tax rules in relation to income taxes.

4. Critical accounting estimates and determining estimates

(1) Estimation and determination

The consolidated financial statements for the Group incorporate management’s estimates and judgments.

The assumptions serving as bases for estimation are reviewed on an ongoing basis. Effects due to changes in estimates are recognized in the period when the estimate is changed and for future fiscal periods.

Actual results may differ from accounting estimates and the assumptions forming their basis.

(2) Estimates and determinations that have significant effects on the amounts recognized in the consolidated financial statements of the Group are as follows.

1) Impairment of non-financial assets

The Group conducts impairment tests whenever there is any indication that the recoverable amount of a non-financial asset (excluding inventories, deferred tax assets and post-retirement benefit plan assets) may fall below its carrying amount. For goodwill and intangible assets with indefinite useful lives or that are not yet in use, an impairment test is performed each year and whenever there is any indication of impairment.

When conducting an impairment test, principal factors indicating that impairment may have occurred include a substantial worsening of business performance compared with past or estimated operating performance, significant changes in the uses of acquired assets or changes in overall strategy, or a substantial worsening of industry or economic trends.

Goodwill is allocated to an asset, CGU or group of CGUs based on the region where business is conducted and business category, and impairment tests are conducted on goodwill once each year or when there is an indication of impairment.

Calculations of recoverable amounts used in impairment tests are based on assumptions set using such factors as an asset’s useful life, future cash flows, the pre-tax discount rates that reflect the risks specific to the asset, and long-term growth rates. These assumptions are based on the best estimates and judgments made by management. However, these assumptions may be affected by changes in uncertain future economic conditions, which may have a material impact on the consolidated financial statements in future periods.

The method for calculating recoverable amounts is described in note 3 “Material accounting policies (12) Impairment of non-financial assets and investments accounted for using the equity method.” In addition, significant goodwill in the current fiscal year is described in note 15 “Impairment of non-financial assets (2) Impairment tests on goodwill and intangible assets with indefinite useful lives.”

2) Provisions

The Group records various provisions in the consolidated statement of financial position, including provision for product warranties and provision for restructuring.

These provisions are recognized based on the best estimates of the expenditures required to settle the obligations taking into consideration the risks and uncertainties related to the obligations as of the fiscal year-end date.

Expenditures required to settle the obligations are calculated by taking possible results into account comprehensively. However, they may be affected by the occurrence of unexpected events or changes in conditions, which may cause the actual amount to differ from the estimate and have a material impact on the consolidated financial statements in future periods.

The nature and amount of provisions are described in note 22 “Provisions.”

3) Employee benefits

The Group has in place various post-retirement benefit plans, including defined benefit plans. The present value of defined benefit obligations on each of these plans and the service costs are calculated based on actuarial assumptions. These actuarial assumptions require estimates and judgments on variables, such as discount rates. The Group obtains advice from external pension actuaries with respect to the appropriateness of these actuarial assumptions including these variables.

The actuarial assumptions are determined based on the best estimates and judgments made by management. However, there is the possibility that these assumptions may be affected by changes in uncertain future economic conditions, the publication or the amendment of related laws, or the necessity of a revision. This may have a material impact on the consolidated financial statements in future periods.

These actuarial assumptions and related sensitivity analysis are described in note 24 “Employee benefits.”

4) Recoverability of deferred tax assets

In recognizing deferred tax assets, when judging the possibility of the future taxable income, the Group estimates the timing and amount of future taxable income based on the business plan.

The timing when taxable income arises and the amount of such income may be affected by changes in uncertain future economic conditions. Therefore, if the actual timing and amount of payment differ from the estimates, this may have a material impact on the consolidated financial statements in future periods.

The content and amount related to deferred tax assets are described in note 18 “Income taxes.”

5) Fair value of financial instruments

To assess fair value of certain financial instruments, the Group uses valuation techniques using inputs that are not based on observable market data. Inputs that are not based on observable market data may be affected by the result of changes in uncertain future economic conditions, and may have a material impact on amounts reported in the consolidated financial statements when the inputs need to be reviewed.

The content and amount related to fair value of financial instruments are described in note 35 “Financial instruments.”

5. Operating segments

(1) Reportable segments

Operating segments of the Group are the constituent business units of the Group for which separate financial data is available and that are examined on a regular basis for the purpose of enabling the Group's management to decide on the allocation of resources and evaluate results of operations. The Group establishes business segments by product and service category and formulates comprehensive strategies and conducts business activities in Japan and overseas for the products and services of each business category.

The Group's operating segments are organized by product and service category based on each business unit. Based on the operating segments, the Group established four reportable segments as the "Digital Workplace Business," "Professional Print Business," "Industry Business," and "Imaging Solutions Business" by taking into account the primary usage of products of the respective businesses in the markets and their similarities.

Effective from the third quarter of the previous fiscal year, the Group has classified the "Precision Medicine Business" as a discontinued operation. The figures for the previous fiscal year represent those from continuing operations.

In addition, effective from the current fiscal year, in the "Professional Print Business," the marketing services unit has been integrated into the production print unit. Similarly, in the "Imaging Solutions Business," the FORXAI unit has been integrated into the Imaging-IoT Solutions unit.

The business content of each reportable segment is as follows:

Business content		
Business Technologies Business (Note)	Digital Workplace Business	<u>Office</u> Development, manufacture, and sales of MFPs and related consumables; provision of related services and solutions
		<u>DW-DX</u> Provision of IT services and solutions
	Professional Print Business	<u>Production Print</u> Development, manufacture, and sales of digital printing systems and related consumables for the commercial printing market; provision of various printing services and solutions
		<u>Industrial Print</u> Development, manufacture, and sales of digital printing systems and related consumables for the industrial printing market
Industry Business		<u>Sensing</u> Development, manufacture, and sales of measuring instruments and others; provision of related solutions and services
		<u>Performance Materials</u> Development, manufacture, and sales of functional films for displays and others
		<u>Inkjet (IJ) Components</u> Development, manufacture, and sales of industrial inkjet printheads and others
		<u>Optical Components</u> Development, manufacture, and sales of lenses for industrial and professional use and others
Imaging Solutions Business		<u>Healthcare</u> Development, manufacture, and sales of diagnostic imaging systems for medical use; provision of related services; provision of digitalization, networking, diagnostic services, and solutions in medical field
		<u>Imaging-IoT Solutions</u> Provision of solutions and services centered around network cameras; development, manufacture, sales, and provision of services of solutions utilizing the common fundamental technology "FORXAI"
		<u>Visual Solutions</u> Development, manufacture, and sales of visual-related equipment; provision of related solutions and services
		<u>QOL Solutions</u> Development, sales, and consulting of products, information systems, and services related to nursing care services

(Note) It is the name of an internal organization that manages the Digital Workplace Business and the Professional Print Business.

(2) Financial information on reportable segments

Methods of accounting for reportable segments are described in note 3 “Material accounting policies” and are consistent with the accounting policies of the Group.

Financial information on reportable segments is provided below. Segment profit refers to operating profit.

Previous fiscal year (From April 1, 2024 to March 31, 2025)

Millions of yen								
2025								
	Business Technologies Business		Industry Business	Imaging Solutions Business	Subtotal	Others	Adjust-ments (Note 2) (Note 3) (Note 4)	Reported in consolidated financial statements
	Digital Workplace Business	Professional Print Business						
Revenue								
External-----	¥616,365	¥284,668	¥119,259	¥106,915	¥1,127,208	¥674	¥-	¥1,127,882
Inter-segment (Note 1)-----	4,069	178	5,193	907	10,348	15,138	(25,486)	-
Total -----	620,434	284,846	124,453	107,822	1,137,556	15,812	(25,486)	1,127,882
Segment profit (loss) --	13,976	(13,197)	(12,749)	(25,948)	(37,919)	932	(27,027)	(64,014)
Other items								
Depreciation and amortization expenses -----	34,193	15,698	7,693	6,233	63,819	97	6,650	70,566
Impairment losses on non-financial assets -----	¥2,524	¥13,939	¥28,283	¥5,489	¥50,237	¥-	¥871	¥51,109

Current fiscal year (From April 1, 2025 to March 31, 2026)

Millions of yen								
2026								
	Business Technologies Business		Industry Business	Imaging Solutions Business	Subtotal	Others	Adjust-ments (Note 2) (Note 3) (Note 4)	Reported in consolidated financial statements
	Digital Workplace Business	Professional Print Business						
Revenue								
External-----	¥610,504	¥255,180	¥126,779	¥94,547	¥1,087,013	¥725	¥-	¥1,087,738
Inter-segment (Note 1)-----	3,655	28	4,951	875	9,510	14,124	(23,635)	-
Total -----	614,160	255,209	131,730	95,423	1,096,523	14,850	(23,635)	1,087,738
Segment profit (loss) --	37,058	9,347	22,268	(1,338)	67,335	1,067	(18,533)	49,869
Other items								
Depreciation and amortization expenses -----	31,181	12,957	6,173	3,103	53,416	100	5,166	58,683
Impairment losses on non-financial assets -----	¥-	¥-	¥-	¥987	¥987	¥-	¥-	¥987

(Note 1) Inter-segment revenue is based on market prices, etc.

(Note 2) Adjustments to revenue are elimination of intersegment transactions.

(Note 3) Adjustments to segment profit are elimination of intersegment transactions and corporate expenses, which comprise general and administrative expenses and basic research expenses not attributable to any of the reportable segments and Others. Other income and other expenses not attributable to any of the reportable segments are included.

(Note 4) Adjustments to depreciation and amortization expenses and impairment losses on non-financial assets are mainly related to equipment not attributable to any of the reportable segments.

Thousands of U.S. dollars

2026								
	Business Technologies Business		Industry Business	Imaging Solutions Business	Subtotal	Others	Adjust-ments	Reported in consolidated financial statements
	Digital Workplace Business	Professional Print Business						
Revenue								
External -----	\$3,818,514	\$1,596,072	\$792,963	\$591,362	\$6,798,930	\$4,535	\$ -	\$6,803,465
Inter-segment -----	22,861	175	30,967	5,473	59,482	88,341	(147,830)	-
Total -----	3,841,381	1,596,253	823,930	596,841	6,858,413	92,882	(147,830)	6,803,465
Segment profit (loss) --	231,786	58,463	139,279	(8,369)	421,160	6,674	(115,918)	311,915
Other items								
Depreciation and amortization expenses -----	195,028	81,042	38,610	19,408	334,101	625	32,312	367,044
Impairment losses on non-financial assets -----	\$ -	\$ -	\$ -	\$6,173	\$6,173	\$ -	\$ -	\$6,173

(3) Financial information by geographical region

External revenue by geographical area is as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Japan-----	¥ 174,225	¥ 173,046	\$ 1,089,724
United States-----	277,471	298,680	1,735,495
European countries-----	349,776	353,730	2,187,741
China-----	89,398	103,151	559,157
Asia, excluding Japan and China -----	117,470	117,570	734,739
Others -----	79,396	81,703	496,597
Total	¥ 1,087,738	¥ 1,127,882	\$ 6,803,465

(Note) Revenue classifications are based on customers' geographical regions. There are no key countries presented separately other than the ones in the above table.

Summary by geographical region of the carrying amounts of non-current assets (excluding financial assets, deferred tax assets and post-retirement benefit assets) is set out as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Japan-----	¥ 234,875	¥ 238,246	\$ 1,469,071
United States-----	83,267	80,795	520,809
European countries-----	99,450	93,077	622,029
China-----	10,934	11,215	68,389
Asia, excluding Japan and China -----	16,406	15,807	102,614
Others -----	4,167	4,030	26,063
Total	¥ 449,101	¥ 443,172	\$ 2,808,988

(4) Information on principal customers

No single external customer contributed to 10% of revenue or more.

6. Business combinations

Previous fiscal year (From April 1, 2024 to March 31, 2025)

Information is omitted because business combinations arising in the fiscal year ended March 31, 2025 were not material.

Current fiscal year (From April 1, 2025 to March 31, 2026)

Not applicable.

7. Cash and cash equivalents

The cash and cash equivalents as of March 31, 2026 and 2025 are as follows.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Cash and cash equivalents -----	¥ 110,762	¥ 89,904	\$ 692,782
Cash and cash equivalents in the consolidated statement of financial position -----	110,762	89,904	692,782
Cash and cash equivalents included in assets held for sale -----	—	2,983	—
Cash and cash equivalents in the consolidated statement of cash flows	¥ 110,762	¥ 92,887	\$ 692,782

8. Trade and other receivables

The components of trade and other receivables as of March 31, 2026 and 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Notes and accounts receivable—trade -----	¥ 228,877	¥ 215,596	\$ 1,431,555
Contract assets -----	25	22	156
Finance lease receivables -----	67,057	54,583	419,421
Others -----	20,680	19,437	129,347
Total	¥ 316,640	¥ 289,640	\$ 1,980,485

9. Inventories

The components of inventories as of March 31, 2026 and 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Merchandise and finished goods -----	¥ 148,439	¥ 147,502	\$ 928,440
Work in progress -----	23,965	22,525	149,894
Materials and supplies (Note 1)-----	38,062	37,617	238,066
Total	¥ 210,467	¥ 207,644	\$ 1,316,406

(Note 1) Materials include spare parts for maintenance purpose to be used after 12 months from each fiscal year-end. They are included as inventories as they are held within the ordinary course of business.

(Note 2) The acquisition costs of inventories recognized as expenses during the current fiscal year are primarily included in “cost of sales.”

(Note 3) The amount of inventories written down to their net realizable value in the current fiscal year is ¥4,623 million (\$28,915 thousand) (previous fiscal year: ¥5,036 million), which is included in “cost of sales.”

10. Other financial assets

The components of other financial assets as of March 31, 2026 and 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Loans receivable-----	¥ 423	¥ 464	\$ 2,646
Investment securities -----	26,396	45,293	165,099
Lease and guarantee deposits-----	6,574	6,535	41,118
Derivative financial assets-----	176	—	1,101
Others -----	4,154	4,373	25,982
Total-----	37,724	56,666	235,952
Current -----	14,122	35,766	88,329
Non-current -----	¥ 23,601	¥ 20,900	\$ 147,617

11. Assets held for sale

The components of assets held for sale and liabilities directly associated with the assets held for sale as of March 31, 2026 and 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
<Assets>			
Cash and cash equivalents -----	¥ -	¥ 2,983	\$ -
Trade and other receivables -----	-	15,065	-
Inventories-----	-	3,667	-
Income tax receivables-----	-	1	-
Other financial assets (current) -----	-	496	-
Other current assets-----	-	2,323	-
Property, plant and equipment -----	-	1,287	-
Other financial assets (non-current) -----	-	7	-
Deferred tax assets -----	-	498	-
Other non-current assets-----	-	11	-
Total assets -----	-	26,344	-
<Liabilities>			
Trade and other payables -----	-	10,827	-
Bonds and borrowings (current) -----	-	961	-
Lease liabilities (current) -----	-	581	-
Income tax payables-----	-	169	-
Provisions (current)-----	-	501	-
Other financial liabilities (current)-----	-	223	-
Other current liabilities -----	-	1,668	-
Bonds and borrowings (non-current) -----	-	108	-
Retirement benefit liabilities -----	-	75	-
Deferred tax liabilities-----	-	642	-
Total liabilities-----	-	15,760	-
<Other components of equity>			
Net gain (loss) on derivatives designated as cash flow hedges-----	-	8	-
Exchange differences on translation of foreign operations -----	-	523	-
Total other components of equity-----	¥ -	¥ 531	\$ -

[Transfer of equity in strategic business alliance in optical components unit]

In the fiscal year ended March 31, 2024, in the optical components unit included in the Industry Business, the Company decided to transfer 80% of its equity in two Chinese manufacturing subsidiaries, Konica Minolta Opto (Dalian) Co., Ltd. (Headquarters: Dalian, Liaoning Province, China) and Konica Minolta Optical Products (Shanghai) Co., Ltd. (Headquarters: Shanghai, China) to Guangzhou Luxvisions Innovation Technology Limited (Headquarters: Guangzhou, Guangdong Province, China), a major electronic components manufacturer in China, and entered into an equity purchase agreement as of October 20, 2023.

In the previous fiscal year, Konica Minolta Opto (Dalian) Co., Ltd. was excluded from the scope of the transfer as a result of discussions toward closing. Therefore, the Company ceased to classify the assets as held for sale and reduced the carrying amount to the recoverable amount in the process of reclassifying them to regular assets and liabilities. As a result, impairment losses on property, plant and equipment and others of ¥4,570 million were recognized in "Other expenses" in the consolidated statement of profit or loss.

The execution of Konica Minolta Optical Products (Shanghai) Co., Ltd.'s equity transfer was completed on February 21, 2025, and the company became an affiliate accounted for using the equity method, following the loss of control. The income of ¥2,246 million, which included the realization of the exchange differences on translation of foreign operations in connection with this transfer of equity capital, was recognized as gain on sales of subsidiaries' equity in "Other income" in the consolidated statement of profit or loss.

[Real estate transfer at a subsidiary in North America]

In the previous fiscal year, the Group concluded a real estate transfer agreement for some land owned by a subsidiary in North America. Accordingly, the assets and liabilities of the real estate were classified as a disposal group held for sale. For the non-current asset classified as held for sale, since the fair value less costs to sell was lower than the carrying amount, the assets and liabilities were measured at fair value less costs to sell. As a result, the loss of ¥192 million was recognized as impairment losses regarding assets held for sale in "Other expenses" in the consolidated statement of profit or loss. The fair value was based on the selling price, and the fair value hierarchy was Level 3.

In the current fiscal year, the execution of this real estate transfer was completed on August 1, 2025.

[Share transfer of Konica Minolta REALM, Inc.]

In the previous fiscal year, the Group decided to transfer all shares of Konica Minolta REALM, Inc. (Headquarters: Minato-ku, Tokyo), which operates within the Precision Medicine Business, to SB TEMPUS Corp. (Headquarters: Minato-ku, Tokyo), and entered into a share transfer agreement as of January 14, 2025.

Accordingly, the assets and liabilities of Konica Minolta REALM, Inc. were classified as a disposal group held for sale. For the disposal group classified as held for sale, since the fair value less costs to sell was lower than the carrying amount, the assets and liabilities were measured at fair value less costs to sell. A resulting loss of ¥642 million was recognized in "Profit from Discontinued Operation" in the consolidated statement of profit or loss. The fair value was based on the selling price, and the fair value hierarchy was Level 3.

In the current fiscal year, the execution of this share transfer was completed on September 30, 2025. The loss related to this share transfer of ¥113 million (\$707 thousand) is recognized in "Profit from Discontinued Operation" in the consolidated statement of profit or loss.

[Share transfer of MOBOTIX AG]

In the previous fiscal year, the Company decided to transfer all shares of MOBOTIX AG (Headquarters: Langmeil, Germany) and loans-receivable from MOBOTIX AG in the imaging-IoT solutions unit in the Imaging Solutions Business, to Certina Software Investments AG (Headquarters: Grünwald, Germany), and entered into a share transfer agreement as of March 25, 2025.

Accordingly, the assets and liabilities of MOBOTIX AG were classified as a disposal group held for sale. For the disposal group classified as held for sale, since the fair value less costs to sell was lower than the carrying amount, the assets and liabilities were measured at fair value less costs to sell. For the difference between the fair value less costs to sell and the carrying amount, the loss of ¥5,136 million recognized due to the reduction of the carrying amount of non-current assets was recognized as an impairment loss related to assets held for sale, and the loss of ¥4,999 million exceeding the carrying amount of non-current assets was recognized as a provision for loss on business transfer in "Other expenses" in the consolidated statement of profit or loss. The fair value was based on the selling price, and the fair value hierarchy was Level 3.

In the current fiscal year, the execution of this share transfer was completed on April 29, 2025. The income of ¥1,718 million (\$10,746 thousand), which includes the realization of the exchange differences on translation of foreign operations in connection with this share transfer, is recognized as gain on sales of shares in subsidiaries in "Other income" in the consolidated statement of profit or loss.

[Share transfer of Konica Minolta Marketing Services Holding Company Limited]

In the previous fiscal year, the Company decided to transfer all shares of Konica Minolta Marketing Services Holding Company Limited (Headquarters: London, U.K.) in the marketing services unit in the Professional Print Business, to adm Group Limited (Headquarters: London, U.K.), and entered into a share transfer agreement as of March 26, 2025.

Accordingly, the assets and liabilities of 26 companies subject to transfer under this agreement were classified as a disposal group held for sale. For the disposal group classified as held for sale, since the fair value less costs to sell was lower than the carrying amount, the assets and liabilities were measured at fair value less costs to sell. For the difference between the fair value less costs to sell and the carrying amount, the loss of ¥6,242 million recognized due to the reduction of the carrying amount of non-current assets was recognized as an impairment loss related to assets held for sale, and the loss of ¥3,593 million exceeding the carrying amount of non-current assets was recognized as a provision for loss on business transfer in "Other expenses" in the consolidated statement of profit or loss. The fair value was based on the selling price, and the fair value hierarchy was Level 3.

In the current fiscal year, the execution of this share transfer was completed on June 30, 2025. The loss of ¥1,672 million (\$10,458 thousand), which includes the realization of the exchange differences on translation of foreign operations in connection with this share transfer, is recognized as loss on sales of shares in subsidiaries in "Other expenses" in the consolidated statement of profit or loss.

12. Discontinued operation

(1) Outline of the discontinued operation

The Group completed the transfer of all equity capital of Invicro, LLC ("Invicro") to Calyx Services Inc. on April 30, 2024. In addition, on February 3, 2025, the Group completed the transfer of all shares of Ambry Genetics Corporation ("Ambry Genetics") to Tempus AI, Inc. ("Tempus"). As a result, from the third quarter of the previous fiscal year, the Precision Medicine Business is classified as a discontinued operation, and profit or loss from discontinued operation is presented separately from continuing operations in the consolidated statement of profit or loss.

(2) Profit or loss from discontinued operation

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Discontinued Operation			
Income (Note 1) -----	¥ 1,300	¥ 93,591	\$ 8,131
Expenses (Note 2) -----	3,229	50,904	20,196
Profit (loss) before tax from Discontinued Operation -----	(1,928)	42,687	(12,059)
Income tax expense -----	3	(2,382)	19
Profit (loss) from Discontinued Operation -----	¥ (1,932)	¥ 45,069	\$ (12,084)

(Note 1) In the previous fiscal year, the reversal of previously recognized impairment loss of ¥25,002 million, which was recognized as a result of measuring Ambry Genetics at fair value less costs to sell, and a profit of ¥25,973 million, which was recognized as a result of the realization of the exchange differences on translation of foreign operations in connection with the share transfer of Ambry Genetics and the changes in the fair value of Tempus shares received as consideration, are included.

(Note 2) In the previous fiscal year, a loss of ¥664 million, which was recognized as a result of the realization of the exchange differences on translation of foreign operations and the adjustment of the transfer price in connection with the transfer of equity capital of Invicro, and a loss of ¥642 million, which was recognized as a result of measuring Konica Minolta REALM Inc. at fair value less costs to sell, are included.
In the current fiscal year, the sum of a profit that was recognized as a result of the changes in the fair value of Tempus shares received as consideration in connection with the share transfer of Ambry Genetics and a loss which was recognized as a result of the realization of the partial sale of the shares of ¥1,699 million (\$10,627 thousand), and a loss of ¥113 million (\$707 thousand) are included, which was recognized as a result of the transfer of the shares of Konica Minolta REALM Inc.

(3) Profit attribution

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Owners of the Company			
Profit (loss) from Continuing Operations -----	¥ 32,215	¥ (92,372)	\$ 201,495
Profit (loss) from Discontinued Operation -----	(1,946)	44,888	(12,172)
Total -----	30,268	(47,484)	189,317
Non-controlling interests			0
Profit (loss) from Continuing Operations -----	1,553	(3,013)	9,714
Profit from Discontinued Operation -----	14	180	88
Total -----	¥ 1,568	¥ (2,832)	\$ 9,807

(4) Cash flows from discontinued operation

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Cash flows from operating activities -----	¥ (2,469)	¥ (9,266)	\$ (15,443)
Cash flows from investing activities (Note) -----	21,813	62,252	136,434
Cash flows from financing activities -----	(266)	(1,754)	(1,664)
Total -----	¥ 19,077	¥ 51,231	\$ 119,321

(Note) In the previous fiscal year, proceeds from sales of subsidiaries of ¥66,112 million are included. Assets and liabilities at the time of the sale of shares in a subsidiary over which control was lost comprises cash and cash equivalents of ¥4,344 million, total assets of ¥86,685 million, and total liabilities of ¥47,324 million.

In the current fiscal year, proceeds from sales of investment securities of ¥21,159 million (\$132,343 thousand), which was a result of the realization of the partial sale of Tempus shares received as consideration in connection with the share transfer of Ambry Genetics, are included. In addition, proceeds from sales of subsidiaries of ¥394 million (\$2,464 thousand) are included. Assets and liabilities at the time of the sale of shares in a subsidiary over which control was lost comprises cash and cash equivalents of ¥205 million (\$1,282 thousand), total assets of ¥1,713 million (\$10,714 thousand), and total liabilities of ¥482 million (\$3,015 thousand).

13. Property, plant and equipment

(1) Components of property, plant and equipment

The components of “property, plant and equipment” in the consolidated statement of financial position as of March 31, 2026 and 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Property, plant and equipment -----	¥ 200,217	¥ 173,877	\$ 1,252,295
Right-of-use assets -----	59,316	91,741	371,003
Total -----	¥ 259,533	¥ 265,618	\$ 1,623,299

(2) Increases or decreases in property, plant and equipment (excluding right-of-use assets)

Changes in the carrying amounts of property, plant and equipment for fiscal years ended March 31, 2026 and 2025, are as follows:

	Millions of yen						
	Buildings and structures	Machinery and vehicles	Tools and equipment	Rental assets	Land	Construction in progress	Total
Balance at April 1, 2024 -----	¥ 227,262	¥ 238,702	¥ 210,671	¥ 52,717	¥ 42,469	¥ 9,898	¥ 781,722
Acquisitions -----	656	1,169	6,892	7,368	—	17,353	33,440
Acquisitions through business combinations -----	26	5	28	0	—	—	60
Transfer from construction in progress to other account -----	3,898	5,430	4,282	—	—	(13,611)	—
Disposals -----	(7,920)	(8,962)	(32,897)	(7,772)	(481)	(113)	(58,148)
Transfer to assets held for sale -----	(5,542)	(543)	(5,162)	—	(292)	(42)	(11,583)
Transfer from assets held for sale ----	3,810	8,471	3,056	—	—	—	15,338
Others (Note) -----	953	1,029	(253)	(1,283)	(28)	(561)	(145)
Effect of foreign currency exchange differences -----	(516)	37	(683)	(299)	(10)	(12)	(1,484)
Balance at March 31, 2025 -----	222,628	245,341	185,933	50,730	41,657	12,911	759,201
Acquisitions -----	1,470	1,255	6,330	5,823	60	38,206	53,146
Transfer from construction in progress to other account -----	5,235	6,165	5,562	—	18,865	(35,828)	—
Disposals -----	(10,467)	(20,463)	(29,643)	(10,058)	(777)	(112)	(71,522)
Others (Note) -----	1,909	(848)	(1,047)	(1,479)	961	528	23
Effect of foreign currency exchange differences -----	4,536	4,135	7,081	3,573	252	47	19,626
Balance at March 31, 2026 -----	¥ 225,314	¥ 235,584	¥ 174,216	¥ 48,588	¥ 61,018	¥ 15,752	¥ 760,475

(Note) Others includes transfer to other account.

	Thousands of U.S. dollars						
	Buildings and structures	Machinery and vehicles	Tools and equipment	Rental assets	Land	Construction in progress	Total
Balance at March 31, 2025 -----	\$ 1,392,469	\$ 1,534,532	\$ 1,162,953	\$ 317,300	\$ 260,552	\$ 80,754	\$ 4,748,568
Acquisitions -----	9,194	7,850	39,592	36,421	375	238,967	332,412
Transfer from construction in progress to other account -----	32,743	38,560	34,789	—	117,995	(224,093)	—
Disposals -----	(65,468)	(127,990)	(185,408)	(62,910)	(4,860)	(701)	(447,348)
Others -----	11,940	(5,304)	(6,549)	(9,251)	6,011	3,302	144
Effect of foreign currency exchange differences -----	28,371	25,863	44,289	22,348	1,576	294	122,755
Balance at March 31, 2026 -----	\$ 1,409,269	\$ 1,473,505	\$ 1,089,667	\$ 303,903	\$ 381,649	\$ 98,524	\$ 4,756,536

(Accumulated depreciation and accumulated impairment losses)

	Millions of yen						
	Buildings and structures	Machinery and vehicles	Tools and equipment	Rental assets	Land	Construction in progress	Total
Balance at April 1, 2024 -----	¥ (156,467)	¥ (208,808)	¥ (183,583)	¥ (40,897)	¥ (1,428)	¥ (163)	¥ (591,349)
Depreciation expenses -----	(7,028)	(10,134)	(11,732)	(5,527)	—	—	(34,423)
Impairment losses -----	(1,990)	(7,013)	(2,290)	(21)	—	(216)	(11,531)
Disposals -----	5,777	8,489	30,579	6,724	9	—	51,579
Transfer to assets held for sale -----	3,803	533	4,367	—	(74)	58	8,688
Transfer from assets held for sale -----	(2,990)	(6,288)	(2,071)	—	—	—	(11,351)
Others (Note) -----	(283)	144	247	1,477	—	6	1,592
Effect of foreign currency exchange differences -----	391	235	589	251	3	—	1,471
Balance at March 31, 2025 -----	(158,787)	(222,843)	(163,894)	(37,993)	(1,491)	(314)	(585,324)
Depreciation expenses -----	(6,236)	(7,104)	(9,260)	(5,824)	—	—	(28,425)
Impairment losses -----	—	(34)	(79)	—	—	—	(113)
Disposals -----	9,473	20,066	28,817	8,893	72	56	67,378
Others (Note) -----	(1,747)	547	649	1,390	—	244	1,082
Effect of foreign currency exchange differences -----	(2,978)	(3,489)	(5,757)	(2,617)	(13)	—	(14,856)
Balance at March 31, 2026 -----	¥ (160,278)	¥ (212,857)	¥ (149,524)	¥ (36,151)	¥ (1,432)	¥ (13)	¥ (560,258)

(Note) Others includes transfer to other account.

	Thousands of U.S. dollars						
	Buildings and structures	Machinery and vehicles	Tools and equipment	Rental assets	Land	Construction in progress	Total
Balance at March 31, 2025 -----	\$ (993,164)	\$ (1,393,814)	\$ (1,025,106)	\$ (237,634)	\$ (9,326)	\$ (1,964)	\$ (3,661,021)
Depreciation expenses -----	(39,004)	(44,433)	(57,918)	(36,427)	—	—	(177,790)
Impairment losses -----	—	(213)	(494)	—	—	—	(707)
Disposals -----	59,251	125,507	180,241	55,623	450	350	421,429
Others -----	(10,927)	3,421	4,059	8,694	—	1,526	6,768
Effect of foreign currency exchange differences -----	(18,626)	(21,823)	(36,008)	(16,369)	(81)	—	(92,920)
Balance at March 31, 2026 -----	\$ (1,002,489)	\$ (1,331,355)	\$ (935,226)	\$ (226,113)	\$ (8,957)	\$ (81)	\$ (3,504,241)

(Carrying amount)

	Millions of yen						
	Buildings and structures	Machinery and vehicles	Tools and equipment	Rental assets	Land	Construction in progress	Total
Balance at March 31, 2025 -----	¥63,840	¥22,497	¥22,039	¥12,736	¥40,165	¥12,597	¥173,877
Balance at March 31, 2026 -----	¥65,036	¥22,726	¥24,692	¥12,436	¥59,586	¥15,738	¥200,217

	Thousands of U.S. dollars						
	Buildings and structures	Machinery and vehicles	Tools and equipment	Rental assets	Land	Construction in progress	Total
Balance at March 31, 2026 -----	\$406,780	\$142,144	\$154,441	\$77,783	\$372,692	\$98,436	\$1,252,295

(3) Right-of-use assets

The carrying amounts of right-of-use assets are as follows:

	Millions of yen					
	Buildings and structures	Machinery and vehicles	Tools and equipment	Rental assets	Land	Total
Balance at March 31, 2025 -----	¥47,592	¥7,619	¥491	¥2,317	¥33,720	¥91,741
Balance at March 31, 2026 -----	¥41,674	¥8,125	¥549	¥1,630	¥7,336	¥59,316

(Note) An increase in right-of-use assets in the current fiscal year is ¥18,511 million (\$115,781 thousand) (previous fiscal year: ¥25,812 million).

	Thousands of U.S. dollars					
	Buildings and structures	Machinery and vehicles	Tools and equipment	Rental assets	Land	Total
Balance at March 31, 2026 -----	\$260,658	\$50,819	\$3,434	\$10,195	\$45,884	\$371,003

14. Goodwill and intangible assets

Changes in the carrying amounts of goodwill and intangible assets for fiscal years ended March 31, 2026 and 2025 are set out as follows:

(Cost)

	Millions of yen					
	Goodwill	Customer relationships	Software	Technologies	Others (Note)	Total
Balance at April 1, 2024-----	¥ 267,499	¥ 73,489	¥ 102,366	¥ 57,332	¥ 63,365	¥ 564,053
Acquisitions -----	—	—	2,057	—	10,372	12,429
Acquisitions through business combinations-----	352	—	—	—	1,687	2,040
Transfer from software in progress to Software -----	—	—	15,697	—	(15,697)	—
Disposals -----	(75,695)	(2,247)	(19,095)	(46,410)	(17,179)	(160,628)
Transfer to assets held for sale -----	(20,876)	(8,613)	(3,415)	(6,084)	(6,909)	(45,898)
Transfer from assets held for sale-----	929	—	405	—	278	1,613
Others -----	(195)	—	2,353	—	(1,808)	349
Effect of foreign currency exchange differences-----	(715)	(587)	(624)	2,410	685	1,168
Balance at March 31, 2025 -----	171,297	62,041	99,745	7,247	34,795	375,128
Acquisitions -----	—	—	1,440	—	10,248	11,688
Transfer from software in progress to Software -----	—	—	8,107	—	(8,107)	—
Disposals -----	(7,413)	(143)	(7,562)	—	(2,840)	(17,960)
Others -----	—	—	937	—	(548)	389
Effect of foreign currency exchange differences-----	10,405	3,923	7,063	904	2,889	25,186
Balance at March 31, 2026-----	¥ 174,289	¥ 65,821	¥ 109,731	¥ 8,152	¥ 36,437	¥ 394,432

(Note) Software in progress is included in "Others" within intangible assets.

	Thousands of U.S. dollars					
	Goodwill	Customer relationships	Software	Technologies	Others	Total
Balance at March 31, 2025 -----	\$ 1,071,410	\$ 388,047	\$ 623,874	\$ 45,328	\$ 217,632	\$ 2,346,310
Acquisitions -----	—	—	9,007	—	64,098	73,105
Transfer from software in progress to Software -----	—	—	50,707	—	(50,707)	—
Disposals -----	(46,366)	(894)	(47,298)	—	(17,763)	(112,334)
Others -----	—	—	5,861	—	(3,428)	2,433
Effect of foreign currency exchange differences-----	65,080	24,537	44,177	5,654	18,070	157,531
Balance at March 31, 2026-----	\$ 1,090,124	\$ 411,690	\$ 686,334	\$ 50,988	\$ 227,902	\$ 2,467,050

(Accumulated amortization and accumulated impairment losses)

Millions of yen						
	Goodwill	Customer relationships	Software	Technologies	Others (Note 1)	Total
Balance at April 1, 2024 -----	¥ (103,700)	¥ (68,394)	¥ (68,536)	¥ (25,694)	¥ (26,747)	¥ (293,073)
Amortization expenses (Note 2)	—	(1,244)	(12,726)	(2,593)	(1,802)	(18,367)
Impairment losses -----	(32,603)	(47)	(2,915)	(430)	(4,880)	(40,876)
Disposals -----	75,695	870	14,721	18,800	4,381	114,469
Transfer to assets held for sale -----	16,489	8,128	2,062	5,921	4,063	36,665
Transfer from assets held for sale -----	(585)	—	(270)	—	(154)	(1,010)
Others -----	—	—	12	75	(1,208)	(1,120)
Effect of foreign currency exchange differences -----	(279)	628	501	(1,199)	(138)	(487)
Balance at March 31, 2025 -----	(44,983)	(60,058)	(67,151)	(5,120)	(26,487)	(203,800)
Amortization expenses (Note 2)	—	(566)	(9,867)	(321)	(988)	(11,744)
Impairment losses -----	—	—	(871)	—	0	(871)
Disposals -----	7,413	143	7,481	—	2,837	17,876
Others -----	—	—	(69)	—	1,159	1,089
Effect of foreign currency exchange differences -----	(2,510)	(3,764)	(5,390)	(640)	(1,900)	(14,206)
Balance at March 31, 2026 -----	¥ (40,079)	¥ (64,246)	¥ (75,868)	¥ (6,082)	¥ (25,380)	¥ (211,657)

(Note 1) Software in progress is included in "Others" within intangible assets.

(Note 2) Amortization expenses on intangible assets are included in "Cost of sales," "Selling, general and administrative expenses" and "Profit from Discontinued Operation" in the consolidated statement of profit or loss.

Thousands of U.S. dollars						
	Goodwill	Customer relationships	Software	Technologies	Others	Total
Balance at March 31, 2025 -----	\$ (281,355)	\$ (375,644)	\$ (420,009)	\$ (32,024)	\$ (165,668)	\$ (1,274,706)
Amortization expenses	—	(3,540)	(61,715)	(2,008)	(6,180)	(73,455)
Impairment losses -----	—	—	(5,448)	—	0	(5,448)
Disposals -----	46,366	894	46,791	—	17,745	111,809
Others -----	—	—	(432)	—	7,249	6,811
Effect of foreign currency exchange differences -----	(15,699)	(23,543)	(33,713)	(4,003)	(11,884)	(88,854)
Balance at March 31, 2026 -----	\$ (250,682)	\$ (401,839)	\$ (474,531)	\$ (38,041)	\$ (158,744)	\$ (1,323,849)

(Carrying amount)

Millions of yen						
	Goodwill	Customer relationships	Software	Technologies	Others (Note 1)	Total
Balance at March 31, 2025 -----	¥ 126,313	¥ 1,982	¥ 32,594	¥ 2,127	¥ 8,308	¥ 171,327
Balance at March 31, 2026 -----	¥ 134,209	¥ 1,574	¥ 33,863	¥ 2,070	¥ 11,057	¥ 182,775

(Note 1) Software in progress is included in "Others" within intangible assets.

(Note 2) Of the carrying amount of intangible assets, the amount for intangible assets with indefinite useful lives was ¥523 million (\$3,271 thousand) (previous fiscal year: ¥456 million). Of these intangible assets, major assets are brands recognized at the time of business combinations. Since these assets basically exist as long as the business is continued, the Group considers that useful lives of the assets are indefinite.

(Note 3) The carrying amount of intangible assets includes internally generated intangible assets of ¥1,037 million (\$6,486 thousand) (previous fiscal year: ¥565 million).

Thousands of U.S. dollars						
	Goodwill	Customer relationships	Software	Technologies	Others	Total
Balance at March 31, 2026 -----	\$839,436	\$9,845	\$211,803	\$12,947	\$69,158	\$1,143,201

15. Impairment of non-financial assets

(1) Impairment losses

The Group recognizes impairment losses when the recoverable amount of assets falls below their carrying amount. Impairment losses are included in "Other expenses" and "Profit from Discontinued Operation" in the consolidated statement of profit or loss.

Breakdown of impairment losses by type of assets is as follows.

In addition, a breakdown of impairment losses by operating segment is described in note 5 "Operating segments, (2) Financial information on reportable segments."

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Continuing Operations			
Property, plant and equipment -----	¥ 113	¥ 10,968	\$ 707
Goodwill -----	¥ --	¥ 32,603	\$ --
Intangible assets-----	¥ 871	¥ 7,524	\$ 5,448
Other non-current assets-----	¥ 1	¥ 12	\$ 6
Subtotal -----	¥ 987	¥ 51,109	\$ 6,173
Discontinued Operation			
Property, plant and equipment -----	¥ --	¥ 571	\$ --
Intangible assets-----	¥ --	¥ 867	\$ --
Subtotal -----	¥ --	¥ 1,439	\$ --
Total-----	¥ 987	¥ 52,548	\$ 6,173

Impairment losses of ¥52,548 million recognized in the previous fiscal year comprised ¥51,109 million recorded in "Other expenses" and ¥1,439 million recorded in "Profit from Discontinued Operation." The details of the main components are described below.

Indications of impairment were identified for Radiant Vision Systems, LLC ("Radiant") and Instrument Systems GmbH, both of which belong to the sensing unit of the Industry Business, due to deterioration in operating profit, as a result of the impact of major customers' large-scale capital investment restraint and increased competition in certain applications. As a result, impairment losses of ¥16,907 million and ¥6,742 million were recognized on goodwill for Radiant and for Instrument Systems GmbH, respectively. Impairment related to Radiant and Instrument Systems GmbH is described in "(2) Impairment tests on goodwill and intangible assets with indefinite useful lives 3) Industry Business."

In the cash-generating unit group comprising MGI Digital Technology S.A. ("MGI") and other subsidiaries in the industrial printing unit of the Professional Printing Business (the "MGI Group"), the business plan was revised in light of declining demand due to restrained investment in the U.S. and lower gross profit margins due to higher labor and material costs. As a result, an impairment loss of ¥13,904 million was recognized for goodwill (including goodwill arising from acquisitions conducted by MGI after the acquisition of MGI by the Company; hereinafter the same) and related non-current assets (the impairment losses on goodwill of ¥6,307 million, property, plant and equipment of ¥3,685 million and intangible assets of ¥3,911 million). Impairment related to the MGI Group is described in "(2) Impairment tests on goodwill and intangible assets with indefinite useful lives 2) Professional Print Business."

In the healthcare unit of the Imaging Solutions Business, due to a decline in demand for X-ray film in China, operating profit deteriorated and indications of impairment were identified. As a result of the impairment test, an impairment loss of ¥5,489 million was recognized mainly on related non-current assets of the Company (the impairment losses on property, plant and equipment of ¥2,164 million, intangible assets of ¥3,311 million and other non-current assets of ¥12 million) because the recoverable amount was lower than the carrying amount.

In addition, for three consolidated subsidiaries which belong to the DW-DX unit of the Digital Workplace Business, due to economic slump and increased competition, operating profit has deteriorated and the recoverable amount was lower than the carrying amount. As a result, an impairment loss of ¥2,524 million was recognized for goodwill and related non-current assets (the impairment losses on goodwill of ¥2,302 million, property, plant and equipment of ¥175 million and intangible assets of ¥47 million).

Impairment losses of ¥987 million (\$6,173 thousand) recognized in the current fiscal year were recorded as ¥987 million (\$6,173 thousand) in "Other expenses." The details of the main components are described below.

In the healthcare unit of the Imaging Solutions Business, due to a decline in demand for X-ray film in China, there was no significant improvement in operating profit from the previous fiscal year, and indications of impairment were identified. As a result, an impairment loss of ¥987 million (\$6,173 thousand) was recognized on related non-current assets of the Company, which was acquired during the current fiscal year (the impairment losses on property, plant and equipment of ¥113 million (\$707 thousand), intangible assets of ¥871 million (\$5,448 thousand) and other non-current assets of ¥1 million (\$6 thousand)).

(2) Impairment tests on goodwill and intangible assets with indefinite useful lives

Goodwill by reportable segments are as follows. Intangible assets with indefinite useful lives totaled ¥523 million (\$3,271 thousand) (previous fiscal year: ¥456 million), and are not significant.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Digital Workplace Business-----	¥ 83,238	¥ 78,401	\$ 520,628
Professional Print Business-----	¥ 26,017	¥ 24,745	\$ 162,728
Imaging Solutions Business -----	¥ 11,380	¥ 10,189	\$ 71,178
Industry Business-----	¥ 13,573	¥ 12,977	\$ 84,895
Total-----	¥ 134,209	¥ 126,313	\$ 839,436

Of goodwill of the Group in the current fiscal year, items of significance are: Digital Workplace Business, Professional Print Business, and Industry Business.

1) Digital Workplace Business

(a) Goodwill related to the office unit

The carrying amount of non-financial assets subject to impairment tests related to the office unit was ¥140,679 million (\$879,904 thousand) (previous fiscal year: ¥136,732 million), which comprises goodwill of ¥80,903 million (\$506,023 thousand) (previous fiscal year: ¥75,781 million) and other non-financial assets of ¥59,776 million (\$373,880 thousand) (previous fiscal year: ¥60,950 million). The goodwill includes ¥31,568 million (\$197,448 thousand) allocated to the office unit, of the goodwill related to the management integration with Minolta Co., Ltd. (previous fiscal year: ¥31,568 million).

Calculation of the recoverable amount in impairment tests is based on value in use. Value in use is calculated as estimated future cash flows discounted to the present value, based on the three-year business plans approved by management and a growth rate after the business plan periods. Although the business plans reflect the management's assessment on the future outlook of the industry and past results, and the future cash flows have been estimated based on external and internal information, the plans entail uncertainty with respect to the predictions of future revenue and rely considerably on the estimates and judgments of the management. The growth rate used to estimate future cash flows for periods subsequent to approved business plans is determined based on the long-term average rate of growth for markets to which the CGUs belong. The growth rate and the pre-tax discount rate used in measurement of value in use in the current fiscal year were 0.0% and 11.1%, respectively (previous fiscal year: 0.0% and 9.4%, respectively). As a result of the abovementioned impairment tests, impairment losses on the goodwill were not recognized.

In the event of changes in the principal assumptions used in the impairment tests within the scope of reasonable possibility in forecasting, management judges that the likelihood that impairment losses will be generated for the group of CGUs is low.

2) Professional Print Business

(a) Goodwill related to the production print unit

The carrying amount of non-financial assets subject to impairment tests related to the production print unit was ¥55,768 million (\$348,812 thousand) (previous fiscal year: ¥51,218 million), which comprises goodwill of ¥24,286 million (\$151,901 thousand) (previous fiscal year: ¥23,017 million) and other non-financial assets of ¥31,481 million (\$196,904 thousand) (previous fiscal year: ¥28,200 million). The goodwill includes ¥10,045 million (\$62,828 thousand) allocated to the production print unit, of the goodwill related to the management integration with Minolta Co., Ltd. (previous fiscal year: ¥10,045 million).

Calculation of the recoverable amount in impairment tests is based on value in use. Value in use is calculated as estimated future cash flows discounted to the present value, based on the three-year business plans approved by management and a growth rate after the business plan periods. Although the business plans reflect the management's assessment on the future outlook of the industry and past results, and the future cash flows, including the predictions of revenue growth, have been estimated based on external and internal information, the plans entail uncertainty with respect to the predictions of future revenue and rely considerably on the estimates and judgments of the management. The growth rate used to estimate future cash flows for periods subsequent to approved business plans is determined based on the long-term average rate of growth for markets to which the CGUs belong. The growth rate and the pre-tax discount rate used in measurement of value in use in the current fiscal year were 1.0% and 10.2%, respectively (previous fiscal year: 1.0% and 8.9%, respectively). As a result of the abovementioned impairment tests, impairment losses on the goodwill were not recognized.

In the event of changes in the principal assumptions used in the impairment tests within the scope of reasonable possibility in forecasting, management judges that the likelihood that impairment losses will be incurred for the group of CGUs is low.

(b) Goodwill related to the MGI Group belonging to the industrial print unit

The carrying amount of non-financial assets subject to impairment tests after the recognition of impairment losses in the previous fiscal year was ¥5,259 million, which comprises goodwill of zero and other non-financial assets of ¥5,259 million.

In the previous fiscal year, value in use was lower than the fair value less costs of disposal in light of declining demand due to restrained investment in the U.S. and lower gross profit margins due to higher labor and material costs. The carrying amount was accordingly reduced to the recoverable amount of ¥5,259 million upon determination that the recoverable amount, which was calculated based on the fair value less costs of disposal, was lower than the carrying amount. As a result, an impairment loss of ¥13,904 million was recognized for goodwill and related non-current assets (the impairment losses on goodwill of ¥6,307 million, property, plant and equipment of ¥3,685 million and intangible assets of ¥3,911 million).

The fair value less costs of disposal was calculated at the corporate value based on the quoted price of shares of MGI with interest bearing liabilities, etc. adjusted, using the market approach. Its fair value hierarchy is Level 3.

3) Industry Business

i) Goodwill related to Radiant belonging to the sensing unit

The carrying amount of non-financial assets subject to impairment tests related to Radiant, which belongs to the sensing unit, was ¥5,906 million (\$36,940 thousand) (previous fiscal year: ¥5,419 million), which comprises goodwill of ¥5,530 million (\$34,588 thousand) (previous fiscal year: ¥5,027 million) and other non-financial assets of ¥375 million (\$2,346 thousand) (previous fiscal year: ¥391 million).

In the previous fiscal year, the carrying amount was reduced to the recoverable amount of ¥5,419 million because the recoverable amount was lower than the carrying amount due to deterioration in operating profit attributable to the impact of major customers' large-scale capital investment restraint and increased competition in certain applications. As a result, an impairment loss of ¥16,907 million was recognized on the goodwill arising from the acquisition of Radiant.

Calculation of the recoverable amount in impairment tests is based on value in use. Value in use is calculated as estimated future cash flows discounted to the present value, based on the three-year business plans approved by management and a growth rate after the business plan periods. Although the business plans reflect the management's assessment on the future outlook of the industry and past results, and the future cash flows, including the predictions of revenue growth, have been estimated based on the business environment and internal information, the plans entail uncertainty with respect to the predictions of future revenue and rely considerably on the estimates and judgments of the management. The growth rate used to estimate future cash flows for periods subsequent to approved business plans is determined based on the inflation rate of countries to which the CGU belongs. The growth rate and the pre-tax discount rate used in measurement of value in use in the current fiscal year were 2.0% and 18.5%, respectively (previous fiscal year: 2.0% and 16.7%, respectively).

In the event of changes in the principal assumptions used in the impairment tests within the scope of reasonable possibility in forecasting, management judges that the likelihood that impairment losses will be generated for the group of CGUs is low.

ii) Goodwill related to Instrument Systems GmbH belonging to the sensing unit

The carrying amount of non-financial assets subject to impairment tests after the recognition of impairment losses in the previous fiscal year was ¥1,686 million, which comprises goodwill of zero and other non-financial assets of ¥1,686 million.

In the previous fiscal year, the carrying amount was reduced to the recoverable amount of ¥1,686 million because the recoverable amount was lower than the carrying amount due to deterioration in operating profit attributable to the impact of major customers' large-scale capital investment restraint and increased competition in certain applications. As a result, an impairment loss of ¥6,742 million was recognized on the goodwill arising from the acquisition of Instrument Systems GmbH.

Calculation of the recoverable amount in impairment tests is based on value in use. Value in use is calculated as estimated future cash flows discounted to the present value, based on the three-year business plans approved by management and a growth rate after the business plan periods. Although the business plans reflect the management's assessment on the future outlook of the industry and past results, and the future cash flows, including the predictions of revenue growth, have been estimated based on the business environment and internal information, the plans entail uncertainty with respect to the predictions of future revenue and rely considerably on the estimates and judgments of the management. The growth rate used to estimate future cash flows for periods subsequent to approved business plans is determined based on the inflation rate of countries to which the CGU belongs. The growth rate and the pre-tax discount rate used in measurement of value in use in the previous fiscal year were 1.0% and 12.7%, respectively.

16. Investments accounted for using the equity method

(1) Investments in associates

Information related to associates is below. The Group has no material associates.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Carrying amount of investments accounted for using the equity method-----	¥1,086	¥1,019	\$6,793

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Share of profit (loss) in investments accounted for using the equity method-----	¥ (7)	¥ 4	\$ (44)
Share of other comprehensive income of investments accounted for using the equity method-----	70	2	438
Total share of comprehensive income for the year-----	¥ 63	¥ 7	\$ 394

17. Leases

(1) As lessee

The Group primarily leases offices and buildings for plants under lease agreements. The Group does not engage in significant lease agreements containing payment terms linked to index or revenue, and there are no significant restrictions imposed by lease agreements (such as limitations on dividend, additional borrowing or additional leases).

In addition, the Group has implemented transactions in which certain land and buildings are sold and leased back, for the purpose of liquidation of fixed assets. With respect to the assets leased back, there are no contractual provisions or situations whereby the Group is continuously involved in such assets.

The components of profit or loss on leases as a lessee are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Depreciation expenses of right-of-use assets			
Buildings and structures-----	¥ 13,958	¥ 16,307	\$ 87,303
Machinery and vehicles-----	3,852	3,661	24,093
Tools and equipment-----	290	258	1,814
Rental assets-----	27	786	169
Land-----	390	780	2,439
Total-----	¥ 18,519	¥ 21,795	\$ 115,831
Interest expense on lease liabilities-----	2,268	2,722	14,186
Expenses for short term leases-----	1,823	1,544	11,402
Expenses for leases of low value assets-----	573	542	3,584
Loss arising from sale and leaseback transactions-----	¥ 3	¥ -	\$ 19

The components of the carrying amounts of right-of-use assets and an increase in right-of-use assets are provided in note 13 "Property, plant and equipment (3) Right-of-use assets."

The maturity analysis of lease liabilities is described in note 35 "Financial instruments (3) Financial risk management."

The total amount of cash outflows for leases in the current fiscal year is ¥26,222 million (\$164,011 thousand) (previous fiscal year: ¥26,896 million).

(2) As lessor

The Group primarily leases business technology equipment to third parties based on lease agreements. The Group classifies leases as finance leases when lease agreements transfer substantially all the risks and rewards incidental to ownership of assets to the lessee. All other lease agreements are classified as operating leases.

In addition, the Group regularly implements reviews of contractual provisions and monitoring of credit risks as risk management for underlying assets.

The components of profit or loss on leases as a lessor are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Finance leases			
Selling profit or loss-----	¥ 9,984	¥ 8,318	\$ 62,447
Finance income on the net investment in the lease-----	1,675	1,556	10,477
Lease income under operating leases			
Lease income-----	16,564	16,498	103,603
Income relating to variable lease payments-----	¥ 1,823	¥ 1,917	\$ 11,402

The maturity analysis of lease receivables under finance leases and lease payments to be received under operating leases is as follows:

As of March 31, 2025

	Millions of yen	
	Lease receivables under finance leases	Lease payments to be received under operating leases
1 year or less-----	¥ 19,734	¥ 10,114
More than 1 year, 2 years or less-----	15,004	5,229
More than 2 years, 3 years or less-----	11,311	3,637
More than 3 years, 4 years or less-----	7,674	1,970
More than 4 years, 5 years or less-----	4,071	714
More than 5 years-----	2,317	100
Total-----	¥ 60,113	¥ 21,767
Unearned finance income-----	5,478	
Net investment in the lease-----	¥ 54,634	

As of March 31, 2026

	Millions of yen	
	Lease receivables under finance leases	Lease payments to be received under operating leases
1 year or less -----	¥ 24,821	¥ 10,401
More than 1 year, 2 years or less -----	19,082	5,003
More than 2 years, 3 years or less -----	14,528	3,187
More than 3 years, 4 years or less -----	9,408	1,824
More than 4 years, 5 years or less -----	4,655	677
More than 5 years -----	1,775	102
Total -----	¥ 74,272	¥ 21,196
Unearned finance income -----	7,156	
Net investment in the lease -----	¥ 67,115	

	Thousands of U.S. dollars	
	Lease receivables under finance leases	Lease payments to be received under operating leases
1 year or less -----	\$ 155,248	\$ 65,055
More than 1 year, 2 years or less -----	119,352	31,292
More than 2 years, 3 years or less -----	90,868	19,934
More than 3 years, 4 years or less -----	58,844	11,409
More than 4 years, 5 years or less -----	29,116	4,234
More than 5 years -----	11,102	638
Total -----	\$ 464,548	\$ 132,574
Unearned finance income -----	44,759	
Net investment in the lease -----	\$ 419,784	

18. Income taxes

(1) Deferred tax assets and deferred tax liabilities

1) Recognized deferred tax assets and deferred tax liabilities

The major components giving rise to deferred tax assets and liabilities are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Retirement benefits -----	¥ (979)	¥ 500	\$ (6,123)
Property, plant and equipment -----	(13,644)	(22,665)	(85,339)
Goodwill and intangible assets -----	(6,431)	(4,785)	(40,224)
Inventories -----	15,359	16,027	96,066
Lease liabilities -----	15,417	24,107	96,429
Others -----	37,937	48,308	237,284
Net losses carried forward -----	57,842	44,166	361,784
Valuation allowance -----	(80,223)	(80,491)	(501,770)
Total -----	25,278	25,167	158,106
Deferred tax assets -----	28,235	27,697	176,601
Deferred tax liabilities -----	¥ 2,957	¥ 2,530	\$ 18,495

Changes in net deferred tax assets are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Balance, beginning of the year -----	¥ 25,167	¥ 28,731	\$ 157,412
Recognized in profit or loss -----	1,448	(4,517)	9,057
Recognized in other comprehensive income -----	(1,900)	758	(11,884)
Business combinations -----	—	44	—
Others -----	563	151	3,521
Balance, end of the year -----	¥ 25,278	¥ 25,167	\$ 158,106

(Note) "Others" in the previous fiscal year include deferred tax assets of ¥143 million, which increased due to transfer to the assets held for sale.

2) Temporary differences not recognized as deferred tax assets

The Group recognizes deferred tax assets after taking into consideration deductible temporary differences, the forecasted future taxable profits and tax planning. Deductible temporary differences and net losses carried forward that are not recognized for deferred tax assets on this basis are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Deductible temporary differences-----	¥ 139,566	¥ 149,427	\$ 872,942
Net losses carried forward -----	¥ 129,699	¥ 112,779	\$ 811,227

Presentation by carried forward accounting term of net losses carried forward that are not expected to be recognized for deferred tax assets is as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
5 years or less -----	¥ 23,992	¥ 20,885	\$ 150,063
More than 5 years -----	105,706	91,894	661,158
Total-----	¥ 129,699	¥ 112,779	\$ 811,227

The Group does not recognize deferred tax liabilities for temporary differences if the Group can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. In the current fiscal year, total temporary differences associated with investments in subsidiaries and associates that have not been recognized as deferred tax liabilities were ¥143,039 million (\$894,665 thousand) (previous fiscal year: ¥96,203 million).

(2) Income tax expense

1) Income tax expense recognized in profit or loss

The components of income tax expense related to continuing operations are as follows. Income tax expense related to discontinued operations is described in note 12 "Discontinued operation."

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Current income tax expense -----	¥ 11,091	¥ 11,243	\$ 69,371
Deferred income tax expense			
(Increase) decrease in temporary differences -----	15,914	(17,417)	99,537
(Increase) decrease in net losses carried forward -----	(13,250)	(7,098)	(82,875)
Increase (decrease) in valuation allowance -----	(4,112)	29,502	(25,719)
Subtotal-----	(1,448)	4,986	(9,057)
Total -----	¥ 9,642	¥ 16,229	\$ 60,308

(Note) With respect to deferred income tax expense, in addition to the above, ¥(468) million in deferred income tax expense related to discontinued operations were recorded in the previous fiscal year.

2) Income tax expense recognized in OCI

Income tax expense recognized in OCI is indicated in note 33 "Other comprehensive income."

3) Reconciliation of the effective tax rate

The Company and its domestic subsidiaries are mainly subject to corporate tax and inhabitant tax as well as business tax, which is deductible. The statutory income tax rate calculated based on such taxes is 30.6% for the fiscal year ended March 31, 2025 and 2026, and 31.5% for the fiscal years ending March 31, 2027 and thereafter. These changes reflect an increase in corporate tax rates due to tax reforms enacted during the previous fiscal year.

Income taxes for foreign operations are based on the tax laws of the respective jurisdictions.

Differences in the statutory income tax rate and average effective tax rate are attributable to the following.

	%	
	2026	2025
Statutory income tax rate -----	30.6	30.6
Valuation allowance -----	(9.5)	(37.3)
Non-taxable revenue -----	(1.3)	0.7
Non-deductible expenses -----	2.3	(1.6)
Difference in statutory tax rate of foreign subsidiaries-----	(5.5)	0.4
Tax credits for research and development cost and others -----	(1.0)	1.3
Expiration of net losses carried forward -----	—	(0.5)
Tax effect on internal reserves -----	7.0	1.9
Impairment losses on goodwill-----	—	(12.4)
Effect of business restructuring-----	(0.7)	(2.7)
Adjustment to year-end deferred tax assets due to tax reform -----	—	0.6
Others -----	0.3	(1.6)
Average effective tax rate after application of tax effect accounting -----	22.2	(20.5)

- (Note 1) Because loss before tax was recorded in the previous fiscal year, a positive value represents a decrease in tax expense and a negative value represents an increase in tax expense.
- (Note 2) Of the differences that were previously shown under "Others," "Tax effect on internal reserves" is presented separately, beginning with the current fiscal year, in order to display the content more appropriately. To reflect this change in presentation, differences for the previous fiscal year have been reclassified. As a result, part of "Others" for the previous fiscal year has been reclassified as "Tax effect on internal reserves" at 1.9%.

(3) Global minimum tax

In Japan, where the Company is domiciled, the "Act for Partial Revision of the Income Tax Act" (Act No. 3 of 2023) was enacted on March 28, 2023 to introduce the global minimum tax rules in accordance with the Pillar Two Model Rules. The Company has applied this law from the fiscal year beginning on April 1, 2024. In addition, global minimum tax rules have been enacted in some countries in which the Group conducts business activities, and this has also been applied to subsidiaries located in those countries beginning in the current fiscal year, but it has not had a significant effect on taxes of the Group.

For deferred tax assets and liabilities related to income taxes arising from tax laws enacted or substantively enacted to introduce Pillar Two Model Rules, the Group has applied exceptions on recognition and disclosure, and does not recognize or disclose them.

19. Trade and other payables

The components of trade and other payables as of March 31, 2026 and 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Notes and accounts payable-trade -----	¥ 89,992	¥ 93,961	\$ 562,872
Accounts payable-capital expenditure-----	7,649	8,216	47,842
Accounts payable-others -----	73,238	66,972	458,081
Others -----	1,857	1,571	11,615
Total-----	¥ 172,737	¥ 170,722	\$ 1,080,417

20. Bonds and borrowings

(1) Summary of bonds and borrowings

Summary of bonds and borrowings is as follows:

	Millions of yen		Interest rate (%) (Note 1)	Thousands of U.S. dollars
	2026	2025		2026
Short-term loans payable-----	¥ 68,544	¥ 97,295	1.557	\$ 428,722
Current portion of bonds (Note 5)	29,961	—	0.550	187,397
Current portion of long-term loans payable-----	15,164	32,373	0.664	94,846
Non-current portion of bonds (Note 2) (Note 5) -----	48,333	54,858	1.698	302,308
Non-current portion of long-term loans payable (Note 2) (Note 3) (Note 4)-----	167,635	158,758	1.764	1,048,505
Total-----	329,639	343,284		2,061,790
Current -----	113,670	129,668		710,971
Non-current -----	¥ 215,969	¥ 213,616		\$ 1,350,819

(Note 1) Interest rates indicated are weighted average interest rates on balances at the end of the current fiscal year.

(Note 2) Expected repayments for bonds and long-term loans payable for each year in the period within five years after the fiscal year-end date are listed in note 35 "Financial instruments."

(Note 3) The repayment deadlines for balances of long-term loans payable at the end of the current fiscal year are from April 2027 to October 2057.

(Note 4) The Company made full prepayment of the hybrid loan (a loan with subordinated clauses) of ¥100,000 million executed on October 31, 2017 (hereinafter the "Existing Loan") on October 31, 2022 and executed a new hybrid loan (a loan with subordinated clauses; hereinafter the "Loan") on the same day.

1) Lender	Syndicate of lenders lead-managed by MUFG Bank, Ltd.
2) Loan amount	¥100,000 million
3) Borrowing date	October 31, 2022
4) Repayment date	October 31, 2057 However, unless any of the subordination events has begun and is ongoing, the Company may prepay all or part of the principal of the Loan on each interest payment date on or after October 29, 2027.
5) Use of funds	As funds to repay the Existing Loan
6) Applicable interest rate	For the initial five years, a floating rate based on the JBA Japanese yen 6-month TIBOR, and thereafter at a stepped-up floating rate of 1.0%
7) Clauses relating to payment of interest	The Company may, at its discretion, defer payment of all or part of interest on the Loan.
8) Subordination clause	The right to request payment under the Loan is subordinated to all senior creditors in liquidation proceedings, bankruptcy proceedings, corporate reorganization, and civil rehabilitation proceedings. No terms and conditions of the Loan may be changed in any respect to the disadvantage of any creditor of the Company other than the creditors of the subordinated receivables (meaning the receivables that have substantially equal subordination conditions as the Loan).

(Note 5) The carrying amounts of bonds by issuance name are as follows.

Company	Name	Issue date	Millions of yen		Interest rate (%)	Redemption date	Thousands of U.S. dollars
			2026	2025			2026
Konica Minolta	No. 7 Unsecured Bonds	December 15, 2017	¥ 14,986	¥ 14,978	0.390	December 15, 2027	\$ 93,733
Konica Minolta	No. 8 Unsecured Bonds	March 6, 2024	29,961	29,919	0.550	March 5, 2027	187,397
Konica Minolta	No. 9 Unsecured Bonds	March 6, 2024	9,970	9,960	1.023	March 6, 2029	62,359
Konica Minolta	No. 10 Unsecured Bonds (Note)	March 11, 2026	13,433	—	2.513	March 11, 2031	84,019
Konica Minolta	No. 11 Unsecured Bonds (Note)	March 11, 2026	9,943	—	3.236	March 11, 2036	62,190
Total	—	—	¥ 78,295	¥ 54,858	-	-	\$ 489,711

(Note) The No. 10 and No. 11 Unsecured Bonds are sustainability-linked bonds, and in the event that sustainability performance targets (SPTs) are not achieved, a donation will be made to an organization associated with SPT improvements.

Financial covenants

Certain borrowings of the Group are subject to financial covenants. If the Company breaches such covenants, it may forfeit the benefit of time upon demand of the lender.

Although an operating loss was recorded in the previous fiscal year, an operating profit was recorded in the current fiscal year. Therefore, the Company is in compliance with the covenants as of the end of the current fiscal year.

21. Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities are as follows:

	Millions of yen						
	Bonds and borrowings			Lease liabilities	Derivative liabilities (assets)	Total	
	Short-term loans payable	Long-term loans payable	Bonds				
Balance at April 1, 2024-	¥ 177,514	¥ 179,328	¥ 69,790	¥ 95,947	¥ 845	¥ 523,426	
Cash flows -----	(79,954)	10,034	(15,000)	(22,086)	(1,964)	(108,971)	
Effect of exchange rate changes -----	(287)	(81)	—	(391)	—	(761)	
Changes in fair value -	—	—	—	—	1,110	1,110	
New leases -----	—	—	—	26,542	—	26,542	
Others (Note 1)-----	22	1,850	67	(5,125)	—	(3,184)	
Balance at March 31, 2025-----	¥ 97,295	¥ 191,131	¥ 54,858	¥ 94,886	¥ (8)	¥ 438,162	
Cash flows -----	(29,039)	(9,334)	23,500	(21,557)	(2,688)	(39,119)	
Effect of exchange rate changes -----	308	189	—	4,851	—	5,349	
Changes in fair value -	—	—	—	—	4,320	4,320	
New leases -----	—	—	—	19,714	—	19,714	
Others (Note 2)-----	(19)	813	(62)	(29,222)	—	(28,491)	
Balance at March 31, 2026-----	¥ 68,544	¥ 182,800	¥ 78,295	¥ 68,672	¥ 1,623	¥ 399,935	

(Note 1) Transfers to liabilities directly associated with the assets held for sale are included in "Others."

(Note 2) The impact of the reversal of lease liabilities due to the acquisition of trust beneficiary interests in the land of Tokyo Site Hino (Hino City, Tokyo) is included in "Others."

Thousands of U.S. dollars						
	Bonds and borrowings			Lease liabilities	Derivative liabilities (assets)	Total
	Short-term loans payable	Long-term loans payable	Bonds			
Balance at March 31, 2025-----	\$ 608,550	\$ 1,195,465	\$ 343,120	\$ 593,483	\$ (50)	\$ 2,740,568
Cash flows -----	(181,630)	(58,381)	146,985	(134,832)	(16,813)	(244,677)
Effect of exchange rate changes -----	1,926	1,182	—	30,342	—	33,456
Changes in fair value -	—	—	—	—	27,020	27,020
New leases -----	—	—	—	123,305	—	123,305
Others -----	(119)	5,085	(388)	(182,775)	—	(178,202)
Balance at March 31, 2026-----	\$ 428,722	\$ 1,143,358	\$ 489,711	\$ 429,522	\$ 10,151	\$ 2,501,470

22. Provisions

Summary of provisions and the changes is as follows:

	Millions of yen				
	Provision for product warranties (Note 1)	Provision for restructuring (Note 2)	Asset retirement obligations (Note 3)	Other provisions (Note 4)	Total
Balance at March 31, 2025-----	¥ 1,589	¥ 5,327	¥ 6,700	¥ 20,787	¥ 34,405
Provisions made-----	1,117	193	210	6,452	7,974
Interest cost from discounting	—	—	2	—	2
Provisions utilized-----	(838)	(4,141)	(4,994)	(14,982)	(24,956)
Provisions reversed-----	(186)	(290)	—	(519)	(997)
Effects of changes in foreign exchange rates-----	106	391	40	1,188	1,726
Balance at March 31, 2026-----	1,787	1,479	1,959	12,927	18,154
Current -----	1,787	1,479	96	10,750	14,114
Non-current -----	¥ —	¥ —	¥ 1,862	¥ 2,177	¥ 4,039

(Note 1) The provision for product warranties is the amount set by the Group to guarantee the reliability and functionality of its products. This provision is calculated based on the historical occurrence of customer claims. Future occurrence of such claims may differ from past experience. However, the Company is of the opinion that the provision amounts will not be significantly different should the assumptions and estimates change.

(Note 2) The provision for restructuring corresponds to expenses recognized for rationalization or business restructuring to improve the profitability of the Group's businesses. Payment periods are affected by future business plans and other factors.

(Note 3) Asset retirement obligations are provided for the Group's obligation to restore leased offices, buildings and other facilities to their original condition. Recognized amounts are future payments estimated based on past experience with restoring properties to their original condition. In principle, these obligations are paid more than one year after incurred. However, they may be affected by future business plans and other factors.

(Note 4) Other provisions include provision for sales promotion expenses, etc.

	Thousands of U.S. dollars				
	Provision for product warranties	Provision for restructuring	Asset retirement obligations	Other provisions	Total
Balance at March 31, 2025-----	\$ 9,939	\$ 33,319	\$ 41,906	\$ 130,016	\$ 215,193
Provisions made-----	6,986	1,207	1,313	40,355	49,875
Interest cost from discounting	—	—	13	—	13
Provisions utilized-----	(5,241)	(25,901)	(31,236)	(93,708)	(156,092)
Provisions reversed-----	(1,163)	(1,814)	—	(3,246)	(6,236)
Effects of changes in foreign exchange rates-----	663	2,446	250	7,431	10,796
Balance at March 31, 2026-----	11,177	9,251	12,253	80,854	113,548
Current -----	11,177	9,251	600	67,238	88,279
Non-current -----	\$ —	\$ —	\$ 11,646	\$ 13,616	\$ 25,263

23. Other financial liabilities

The components of other financial liabilities as of March 31, 2026 and 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Derivative financial liabilities -----	¥ 2,086	¥ 413	\$ 13,047
Others -----	875	1,142	5,473
Total -----	2,961	1,556	18,520
Current -----	2,088	415	13,060
Non-current -----	¥ 873	¥ 1,140	\$ 5,460

24. Employee benefits

The Group has in place a corporate pension plan and lump-sum payments on retirement plan as defined benefit plans, and a defined contribution-type corporate pension plan as a defined contribution plan. These pension plans are exposed to general investment risk, interest rate risk, etc., but the Group judges that those risks are not significant. In some cases, the Group pays additional severance benefits to retiring employees.

Funding standards, fiduciary responsibility, disclosure and other matters are consistent for domestic corporate pension plans, and the officer in charge and responsible departments hold a meeting on the investment policy and results in a timely manner, based on the basic policy regarding investment of plan assets. An actuarial review is conducted every three years based on the Company's financial condition and asset investment forecast. If funding standards are not satisfied, premiums are increased. The Company set a retirement benefit trust as the Company's plan assets.

Plan assets are legally separate from the Group. Asset investment beneficiaries are responsible for plan assets and have a duty of loyalty to pension plan enrollees, such management responsibilities as a dispersed investment obligation, and a duty to prevent conflicts of interest.

(1) Defined benefit plan

Amounts of defined benefit plan in the consolidated statement of financial position are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Present value of the defined benefit obligation -----	¥ 98,380	¥ 105,290	\$ 615,337
Fair value of the plan assets -----	171,091	155,218	1,070,121
Adjustments based on the asset ceiling -----	47,446	28,519	296,760
Net amount of liabilities and assets in the consolidated statement of financial position -----	(25,264)	(21,408)	(158,019)
Defined benefit liabilities -----	15,688	16,656	98,124
Defined benefit assets -----	¥ 40,953	¥ 38,065	\$ 256,148

Changes in the present value of the defined benefit obligation are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Balance, beginning of the year -----	¥105,290	¥114,067	\$658,556
Current service cost -----	2,767	2,951	17,307
Interest cost -----	2,803	2,303	17,532
Remeasurement:			
Actuarial gains and losses arising from changes in demographic assumptions-----	(1,037)	(374)	(6,486)
Actuarial gains and losses arising from changes in financial assumptions-----	(4,736)	(4,080)	(29,622)
Experience adjustments (Note 2) -----	344	451	2,152
Benefits paid -----	(9,074)	(9,930)	(56,755)
Effect of plan transitions (Note 3) -----	(279)	—	(1,745)
Transfer to liabilities associated with assets held for sale -----	—	(75)	—
Effect of foreign currency exchange differences-----	2,301	186	14,392
Others -----	1	(208)	6
Balance, end of the year -----	¥98,380	¥105,290	\$615,337

(Note 1) As of the end of the current fiscal year, the weighted average payment period for defined benefit obligations was 10.0 years.

(Note 2) Of the amounts previously included in "Actuarial gains and losses arising from changes in financial assumptions," "Experience adjustments" is presented separately, beginning with the current fiscal year, due to it becoming more valuable to users. The figures for the previous fiscal year have been reclassified to reflect this change in presentation. As a result, part of the present value of retirement benefit liabilities in the previous fiscal year has been restated as ¥451 million in "Experience adjustments."

(Note 3) In the current fiscal year, one domestic subsidiary transitioned from a defined benefit pension plan to a defined contribution pension plan.

Changes in the fair value of the plan assets are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Balance, beginning of the year -----	¥155,218	¥157,985	\$970,841
Interest income -----	4,044	3,020	25,294
Remeasurement:			
Return on plan assets (net) -----	16,015	1,332	100,169
Contributions by the employer -----	1,018	379	6,367
Benefits paid -----	(7,048)	(7,740)	(44,083)
Effect of plan transitions (Note 2) -----	(344)	—	(2,152)
Effect of foreign currency exchange differences -----	2,243	294	14,029
Others -----	(55)	(53)	(344)
Balance, end of the year -----	¥171,091	¥155,218	\$1,070,121

(Note 1) Expected contributions to plan assets in the next fiscal year are ¥1,173 million (\$7,337 thousand).

(Note 2) In the current fiscal year, one domestic subsidiary transitioned from a defined benefit pension plan to a defined contribution pension plan.

Changes in adjustments based on the asset ceiling are described below.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Balance, beginning of the year -----	¥28,519	¥21,289	\$178,378
Remeasurement:			
Effect of limiting the net amount of plan assets to the asset ceiling -----	18,926	7,229	118,376
Balance, end of the year -----	¥47,446	¥28,519	\$296,760

Summary of the fair value of the plan assets is as follows:

	Millions of yen					
	2026			2025		
	Quoted market price in an active market			Quoted market price in an active market		
	Yes	No	Total	Yes	No	Total
Equity securities (Domestic)	¥ 13,336	¥ 835	¥ 14,171	¥ 10,023	¥ 1,069	¥ 11,093
Equity securities (Foreign)	15,808	36,472	52,280	16,497	33,841	50,339
Debt securities (Domestic)	1,821	43	1,864	2,138	38	2,176
Debt securities (Foreign)	28,513	4,596	33,110	27,163	5,596	32,760
Employee pension trust (Domestic equity securities)	19,552	—	19,552	15,126	—	15,126
Life insurance company general accounts	—	10,866	10,866	—	8,945	8,945
Cash and cash equivalents	12,039	2,070	14,109	9,021	850	9,872
Others	¥ 13,566	¥ 11,568	¥ 25,135	¥ 13,174	¥ 11,729	¥ 24,904
Total			¥ 171,091			¥ 155,218

(Note 1) Plan assets are invested in shares and securities.

(Note 2) The investment policy for the Company's defined benefit plans is aimed to secure necessary total returns in the long term within the range of allowable risks to ensure the payment of defined benefit obligations in the future. Specifically, in accordance with the requirements of defined-benefit pension plans, a contribution must be made annually after taking into consideration deductible amounts under tax law, the status of plan assets reserves and various actuarial calculations. The contribution amount is subject to actuarial review every three years to ensure a financial balance in the future. Furthermore, if the reserve amount is below that provided by minimum funding standards, a fixed amount must be contributed.

	Thousands of U.S. dollars		
	2026		
	Quoted market price in an active market		
	Yes	No	Total
Equity securities (Domestic)	\$ 83,413	\$ 5,223	\$ 88,635
Equity securities (Foreign)	98,874	228,121	326,995
Debt securities (Domestic)	11,390	269	11,659
Debt securities (Foreign)	178,340	28,747	207,093
Employee pension trust (Domestic equity securities)	122,292	—	122,292
Life insurance company general accounts	—	67,963	67,963
Cash and cash equivalents	75,300	12,947	88,247
Others	\$ 84,851	\$ 72,354	157,212
Total			\$ 1,070,121

Principal actuarial assumptions used to measure defined benefit obligations are as follows:

	%	
	2026	2025
Discount rate-----	2.94	2.11

The table below indicates the effect of a 0.5% increase or decrease in major actuarial assumptions, while other variables are kept constant. In reality, individual assumptions may be simultaneously affected by fluctuations in economic indicators and conditions. Accordingly, the actual impact of these fluctuations on defined benefit obligations may differ from these assumptions because fluctuations may occur independently or mutually.

	Millions of yen				Thousands of U.S. dollars	
	2026		2025		2026	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Effect of change of discount rate -----	¥(2,668)	¥2,904	¥(3,239)	¥3,540	\$(16,688)	\$18,164

(2) Defined contribution plan

The amount of expenses in relation to defined contribution plans was ¥8,184 million (\$51,188 thousand) for the current fiscal year (previous fiscal year: ¥9,579 million).

(3) Other employee benefits

Certain U.S. subsidiaries employ a Supplemental Executive Retirement Plan (SERP). Obligations incurred under this plan amounted to ¥473 million (\$2,958 thousand) for the current fiscal year (previous fiscal year: ¥519 million). These amounts are recognized as other non-current liabilities.

25. Equity and other equity items

(1) Share capital and treasury shares

	Number of authorized shares	Number of issued shares (Note 1) (Note 2)	Number of treasury shares (Note 3)
At April 1, 2024 -----	1,200,000,000	502,664,337	8,180,129
Increase -----	-	-	3,311
Decrease -----	-	-	345,721
At March 31, 2025 -----	1,200,000,000	502,664,337	7,837,719
Increase -----	-	-	826,316
Decrease -----	-	-	183,391
At March 31, 2026 -----	1,200,000,000	502,664,337	8,480,644

(Note 1) Shares issued by the Company are non-par value ordinary shares.

(Note 2) Issued shares are fully paid.

(Note 3) The number of the Company's shares owned by the trust account associated with the Directors' Compensation BIP Trust that is included in the number of treasury shares for each of the above entries are as follows: 2,223,585 shares at April 1, 2024, 267,521 shares in the decrease (previous fiscal year), 1,956,064 shares at March 31, 2025, 824,000 shares in the increase (current fiscal year), 148,602 shares in the decrease (current fiscal year), and 2,631,462 shares at March 31, 2026.

(2) Share premium

Under the Companies Act of Japan ("Companies Act"), at least 50% of the proceeds of certain issues of common shares shall be credited to share capital. The remainder of the proceeds shall be credited to additional paid-in capital, which is included in share premium. The Companies Act permits, upon approval at the general meeting of shareholders, the transfer of amounts from additional paid-in capital to share capital.

(3) Retained earnings

The Companies Act provides that 10% of the amount of deduction from surplus by dividends of retained earnings shall be appropriated as additional paid-in capital or as a legal reserve until the aggregate amount of the additional paid-in capital and the legal reserve equals 25% of share capital. The legal reserve may be used to eliminate or reduce a deficit or be transferred to retained earnings upon approval at the general meeting of shareholders.

(4) Other components of equity

Millions of yen										
	Remeasurements of defined benefit pension plans (Note 1)	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income (Note 2)	Net gain (loss) on derivatives designated as cash flow hedges (Note 3)	Exchange differences on translation of foreign operations (Note 4)	Share of other comprehensive income of investments accounted for using the equity method (Note 5)	Total				
Balance at April 1, 2024	¥ –	¥ 3,114	¥ (359)	¥ 136,420	¥ –	¥ 139,175				
Increase (decrease)	(1,368)	1,035	152	(26,726)	2	(26,904)				
Transfer to retained earnings	1,368	159	–	–	–	1,528				
Balance at March 31, 2025	–	4,308	(206)	109,693	2	113,798				
Increase (decrease)	1,435	1,984	(8)	42,592	70	46,074				
Transfer to retained earnings	(1,435)	(60)	–	–	–	(1,496)				
Balance at March 31, 2026	¥ –	¥ 6,232	¥ (214)	¥ 152,286	¥ 73	¥ 158,377				

(Note 1) Remeasurements of defined benefit pension plans are differences in return on plan assets and interest income on plan assets due to differences between actuarial assumptions at the start of the year and actual results.

(Note 2) Net gain (loss) on revaluation of financial assets measured at fair value through OCI is cumulative in nature.

(Note 3) Net gain (loss) on derivatives designated as cash flow hedges is that the effective portion of the cumulative differences in fair value of derivative transactions designated as cash flow hedges.

(Note 4) Exchange differences on translation of foreign operations are exchange differences resulting from the translation of financial statements of foreign operations and exchange differences on the net investment hedge on foreign operations.

(Note 5) Share of other comprehensive income of investments accounted for using the equity method includes exchange differences resulting from the translation of financial statements of foreign operations.

Thousands of U.S. dollars										
	Remeasurements of defined benefit pension plans	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	Net gain (loss) on derivatives designated as cash flow hedges	Exchange differences on translation of foreign operations	Share of other comprehensive income of investments accounted for using the equity method	Total				
Balance at March 31, 2025	\$ –	\$ 26,945	\$ (1,288)	\$ 686,096	\$ 13	\$ 711,771				
Increase (decrease)	8,975	12,409	(50)	266,400	438	288,179				
Transfer to retained earnings	(8,975)	(375)	–	–	–	(9,357)				
Balance at March 31, 2026	\$ –	\$ 38,979	\$ (1,339)	\$ 952,502	\$ 457	\$ 990,599				

26. Dividends

(1) Dividend payments

Previous fiscal year (From April 1, 2024 to March 31, 2025)

Resolution	Class of shares	Millions of yen	Yen	Record date	Effective date	Source of dividends
		Amount of dividends (Note)	Dividends per share			
Board of Directors' meeting held on May 14, 2024	Ordinary shares	¥2,483	¥5.00	March 31, 2024	May 29, 2024	Retained earnings

(Note) The amount of dividends based on the resolution at the Board of Directors' meeting held on May 14, 2024 includes ¥11 million of dividends on the Company's shares owned by the trust account associated with the Directors' Compensation BIP Trust.

Current fiscal year (From April 1, 2025 to March 31, 2026)

Resolution	Class of shares	Millions of yen	Yen	Record date	Effective date	Source of dividends	Thousands of U.S. dollars	U.S. dollars
		Amount of dividends (Note)	Dividends per share				Amount of dividends	Dividends per share
Board of Directors' meeting held on November 5, 2025	Ordinary shares	¥2,484	¥5.00	September 30, 2025	November 28, 2025	Retained earnings	\$15,537	\$0.03

(Note) The amount of dividends based on the resolution at the Board of Directors' meeting held on November 5, 2025 includes ¥13 million (\$81 thousand) of dividends on the Company's shares owned by the trust account associated with the Directors' Compensation BIP Trust.

(2) Of the dividends of which record date belongs to the current fiscal year, but effective date comes after the last day of the fiscal year

Resolution	Class of shares	Millions of yen	Yen	Record date	Effective date	Source of dividends	Thousands of U.S. dollars	U.S. dollars
		Amount of dividends (Note)	Dividends per share				Amount of dividends	Dividends per share
Board of Directors' meeting held on May 14, 2026	Ordinary shares	¥3,477	¥7.00	March 31, 2026	June 3, 2026	Retained earnings	\$21,748	\$0.04

(Note) The amount of dividends based on the resolution at the Board of Directors' meeting held on May 14, 2026 includes ¥18 million (\$113 thousand) of dividends on the Company's shares owned by the trust account associated with the Directors' Compensation BIP Trust.

27. Revenue

(1) Disaggregation of revenue

The Group presents revenue recognized from contracts with customers and other sources as revenue.

Disaggregated revenue is as follows.

From the third quarter of the previous fiscal year, the Group has classified the "Precision Medicine Business" as a discontinued operation. The figures for the previous fiscal year represent those from continuing operations.

From the current fiscal year, the Group has changed certain categories of the reportable segments. Figures for the previous fiscal year are disclosed after reflecting these changes. Details are described in note 5 "Operating segments 1) Reportable segments."

		Millions of yen	Millions of yen	Thousands of U.S. dollars
		2026	2025	2026
Digital Workplace Business	Office unit -----	¥ 522,241	¥ 527,350	\$ 3,266,456
	DW-DX unit -----	88,263	89,014	552,058
	Subtotal-----	610,504	616,365	3,818,514
Professional Print Business	Production Print unit -----	208,076	240,365	1,301,451
	Industrial Print unit -----	47,104	44,303	294,621
	Subtotal-----	255,180	284,668	1,596,072
Industry Business	Sensing unit-----	44,087	38,079	275,751
	Performance materials unit -----	44,853	43,178	280,542
	Optical Components unit -----	18,611	18,037	116,406
	Inkjet (IJ) Components unit-----	19,226	19,964	120,253
	Subtotal-----	126,779	119,259	792,963
Imaging Solutions Business	Healthcare unit-----	79,531	86,377	497,442
	Imaging-IoT Solutions unit-----	5,927	13,262	37,072
	Visual Solutions unit -----	7,168	5,985	44,834
	QOL Solutions unit -----	1,919	1,289	12,003
	Subtotal-----	94,547	106,915	591,362
Others -----		725	674	4,535
Total -----		1,087,738	1,127,882	6,803,465
Revenue recognized from contracts with customers -----		1,038,231	1,080,967	6,493,814
Revenue recognized from other sources (Note) -----		¥ 49,507	¥ 46,915	\$ 309,651

(Note) Revenue recognized from other sources includes lease income under IFRS 16.

(Digital Workplace Business and Professional Print Business)

The Digital Workplace Business and the Professional Print Business principally engage in sales of MFPs, digital printing systems and related consumables, provision of services incidental to them, and provision of solution services.

For sales of MFPs, digital printing systems and related consumables, revenue is recognized at the time of shipment or delivery of products, which is when control of the products is considered to be transferred to customers. If acceptance inspection by customers is required for performance of products, revenue is recognized at the time of acceptance inspection by customers.

Because services incidental to sales of MFPs and digital printing systems are mainly maintenance contracts based on pay-as-you-go fees in accordance with the usage of the products, and performance obligations are satisfied as the products are used, revenue is recognized based on the amount specified in the contract in accordance with the usage.

For solution services, revenue is recognized at the time of completion of the provision of services, which is when performance obligations are satisfied.

Consideration for transactions is principally received within one year after satisfaction of performance obligations and does not include any significant financial component. For services incidental to sales, charges are principally made and received on a monthly basis.

(Industry Business)

The Industry Business principally engages in sales of products, such as TAC films, lenses for industrial and professional use, measuring instruments and industrial inkjet printheads. Revenue is recognized when control of products is transferred to customers, that is, at the time of shipment or delivery of products. Consideration for transactions is principally received within one year after satisfaction of performance obligations and does not include any significant financial component.

(Imaging Solutions Business)

The Imaging Solutions Business mainly engages in sales of medical equipment including diagnostic imaging systems and related consumables, and visual-related equipment, and provision of solution services incidental to them.

Control of products is considered to be transferred to customers at the time of acceptance inspection by customers for sales of medical equipment, and at the time of delivery of products for sales of consumables, and revenue is recognized at that time.

For sales of visual-related equipment and others, revenue is recognized at the time of shipment or delivery of products, which is when control of the products is considered to be transferred to customers. If acceptance inspection by customers is required for performance of products, revenue is recognized at the time of acceptance inspection by customers.

Since services incidental to sales of medical equipment mainly comprise maintenance contracts for products and performance obligations are satisfied over time, revenue is recognized equally over the contract period based on the amount specified in the contract.

For medical IT services and other solution services, revenue is recognized at the time of completion of the provision of services, which is when performance obligations are satisfied.

Consideration for transactions is principally received within one year after satisfaction of performance obligations and does not include any significant financial component. For services incidental to sales, consideration is received in lump sum at the time of signing the contract or expiry of the contract period, or in installments monthly.

(2) Contract balance

Balances of receivables arising from contracts with customers, contract assets and contract liabilities are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Receivables arising from contracts with customers-----	¥ 241,747	¥ 226,398	\$ 1,512,053
Contract assets-----	25	22	156
Contract liabilities-----	¥ 24,186	¥ 18,915	\$ 151,276

(Note 1) In the consolidated statement of financial position, receivables arising from contracts with customers and contract assets are included in trade and other receivables, and contract liabilities are included in other current liabilities. Contract liabilities are mainly related to advance received from customers.

(Note 2) Of revenue recognized, the amount included in the balance of contract liabilities at the beginning of the year is ¥6,652 million (\$41,606 thousand) (previous fiscal year: ¥6,411 million). The amount of revenue recognized from performance obligations that were satisfied (or partially satisfied) in prior periods is not significant.

(3) Transaction price allocated to the remaining performance obligations

The amount of transaction price allocated to the remaining performance obligations of which the original expected period exceeds one year by timing of satisfaction is as follows. The transaction price is mainly related to service contracts in the Digital Workplace Business and the Professional Print Business.

The Group has applied a practical expedient and does not provide information on the remaining performance obligations of which the original expected period is one year or less and that are based on pay-as-you-go fees.

In addition, among consideration arising from contracts with customers, there is no significant amount that is not included in transaction price.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
1 year or less-----	¥ 3,694	¥ 2,813	\$ 23,105
More than 1 year, 2 years or less-----	1,827	1,296	11,427
More than 2 years, 3 years or less-----	1,472	1,372	9,207
More than 3 years-----	2,479	2,311	15,505
Total-----	¥ 9,473	¥ 7,794	\$ 59,251

(4) Contract costs

Capitalized contract costs are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Assets recognized from contract acquisition costs-----	¥ 253	¥ 323	\$ 1,582
Total-----	¥ 253	¥ 323	\$ 1,582

(Note) Amortization expenses arising from assets recognized from contract costs were ¥162 million (\$1,013 thousand) (previous fiscal year: ¥176 million).

28. Other income

The components of other income for the fiscal years ended March 31, 2026 and 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Gain on sales of shares in subsidiaries (Note 1) -----	¥ 1,718	¥ –	\$ 10,746
Gain on sales of subsidiaries' equity (Note 2) -----	–	2,246	–
Gain on sales of property, plant and equipment and intangible assets (Note 3) -----	741	2,602	4,635
Settlement income (Note 4) -----	294	1,646	1,839
Others -----	4,664	5,532	29,172
Total -----	¥ 7,419	¥ 12,028	\$ 46,404

(Note 1) Gain on sales of shares in subsidiaries for the current fiscal year is described in note 11 "Assets held for sale."
 (Note 2) Gain on sales of subsidiaries' equity for the previous fiscal year is described in note 11 "Assets held for sale."
 (Note 3) The gain on sales of property, plant and equipment and intangible assets for the previous fiscal year is primarily derived from the sale of land by a North American subsidiary in the Imaging Solutions Business.
 (Note 4) Settlement income for the previous fiscal year is derived from a settlement agreement entered into by a European subsidiary in the Professional Print Business.

29. Other expenses

The components of other expenses for the fiscal years ended March 31, 2026 and 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Loss on sales of shares in subsidiaries (Note 1) -----	¥ 1,672	¥ –	\$ 10,458
Losses on sales and disposals of property, plant and equipment and intangible assets (Note 2) -----	1,257	6,806	7,862
Sublease losses (Note 3) -----	1,225	–	7,662
Business restructuring improvement expenses (Note 4) -----	1,152	21,621	7,205
Impairment losses (Note 5) -----	987	51,109	6,173
Impairment losses regarding assets held for sale (Note 6) -----	–	12,030	–
Provision for loss on business transfer (Note 7) -----	–	8,592	–
Others -----	4,444	7,811	27,796
Total -----	¥ 10,741	¥ 107,970	\$ 67,182

(Note 1) Loss on sales of shares in subsidiaries for the current fiscal year is described in note 11 "Assets held for sale."
 (Note 2) Losses on sales and disposals of property, plant and equipment and intangible assets for the previous fiscal year are primarily derived from disposals of intangible assets by the Company and its North American subsidiary in the Imaging Solutions Business. Losses on sales and disposals of property, plant and equipment and intangible assets for the current fiscal year are primarily derived from sales of property, plant and equipment by the Company and its domestic subsidiaries.
 (Note 3) Sublease losses for the current fiscal year occurred due to lease payments received by the North American subsidiary of the Digital Workplace Business and the Professional Print Business for the office sublease being lower than lease payments on the head lease.
 (Note 4) Business restructuring improvement expenses for the previous fiscal year include structural reform costs associated with the global structural reforms announced on April 4, 2024, as well as costs arising from the termination of production at Chinese subsidiaries in the Digital Workplace Business and the Professional Print Business. Business restructuring improvement expenses for the current fiscal year are mainly related to sales sites in Europe, North America, and other areas for the Professional Print Business.
 (Note 5) Impairment losses are described in note 15 "Impairment of non-financial assets."
 (Note 6) Impairment losses regarding assets held for sale for the previous fiscal year are described in note 11 "Assets held for sale."
 (Note 7) Provision for loss on business transfer for the previous fiscal year is described in note 11 "Assets held for sale."

30. Operating expenses by nature

Principal components within operating expenses (total of cost of sales, selling, general and administrative expenses and other expenses) by nature are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Personnel expenses -----	¥ 370,812	¥ 384,729	\$ 2,319,314
Depreciation and amortization expenses -----	¥ 58,683	¥ 70,566	\$ 367,044

The total amount of research and development expenses included in operating expenses for the current fiscal year is ¥54,778 million (\$342,619 thousand) (previous fiscal year: ¥59,598 million).

31. Finance income and costs

The components of finance income and costs for the fiscal years ended March 31, 2026 and 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Finance income			
Interest income			
Financial assets measured at amortized cost -----	¥ 2,469	¥ 2,724	\$ 15,443
Financial assets and liabilities measured at FVTPL-----	442	107	2,765
Dividends received			
Financial assets measured at FVTOCI-----	401	339	2,508
Foreign exchange gains (Note)	92	—	575
Others			
Financial assets measured at amortized cost -----	1,389	10	8,688
Financial assets and liabilities measured at FVTPL-----	51	91	319
Total-----	4,848	3,273	30,323
Finance costs			
Interest expense			
Financial liabilities measured at amortized cost -----	7,535	8,125	47,129
Financial assets and liabilities measured at FVTPL-----	1,177	1,046	7,362
Lease liabilities -----	2,268	2,722	14,186
Foreign exchange losses (Note)	—	5,895	—
Others			
Financial liabilities measured at amortized cost -----	277	158	1,733
Financial assets and liabilities measured at FVTPL-----	39	472	244
Total-----	¥ 11,298	¥ 18,420	\$ 70,665

(Note) Valuation gains or losses on currency derivatives are included in foreign exchange differences.

32. Earnings per share

A calculation of basic and diluted earnings per share attributable to owners of the Company for the fiscal years ended March 31, 2026 and 2025 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Basis of calculating basic earnings per share			
Profit (loss) for the year attributable to owners of the Company-----	¥ 30,268	¥ (47,484)	\$ 189,317
Profit for the year not attributable to owners of the Company -----	—	—	—
Profit (loss) for the year to calculate basic earnings per share -----	30,268	(47,484)	189,317
Continuing Operations -----	32,215	(92,372)	201,495
Discontinued Operation-----	(1,946)	44,888	(12,172)
Adjustments to profit for the year -----	—	—	—
Profit (loss) for the year to calculate diluted earnings per share -----	30,268	(47,484)	189,317
Continuing Operations -----	32,215	(92,372)	201,495
Discontinued Operation-----	¥ (1,946)	¥ 44,888	\$ (12,172)

	Thousands of shares	
	2026	2025
Weighted average number of ordinary shares outstanding during the period (Note 1)-----	494,187	494,726
Impact of dilutive effects (Note 2) -----	1,550	—
Weighted average number of diluted ordinary shares outstanding during the period-----	495,738	494,726

(Note 1) In calculating basic earnings per share and diluted earnings per share, the Company's shares owned by the trust account associated with the Directors' Compensation BIP Trust are included in treasury shares to be deducted in the calculation of weighted average number of shares outstanding during the period.

(Note 2) Since exercise of share acquisition rights, etc. reduces loss per share for the year, potential shares for the previous fiscal year have no dilutive effect.

	Yen		U.S. dollars
	2026	2025	2026
Basic earnings per share attributable to owners of the Company-----	¥61.25	¥(95.98)	\$0.38
Continuing Operations-----	65.19	(186.71)	0.41
Discontinued Operation-----	(3.94)	90.73	(0.02)
Diluted earnings per share attributable to owners of the Company-----	¥61.06	¥(95.98)	\$0.38
Continuing Operations-----	64.98	(186.71)	0.41
Discontinued Operation-----	(3.93)	90.73	(0.02)

33. Other comprehensive income

Changes in each item of other comprehensive income during the year are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit pension plans			
Amount arising during the year -----	¥ 2,518	¥ (1,893)	\$ 15,749
Tax income-----	(1,082)	525	(6,768)
Net of tax -----	1,435	(1,368)	8,975
Net gain on revaluation of financial assets measured at fair value			0
Amount arising during the year -----	2,896	1,558	18,114
Tax expense-----	(912)	(523)	(5,704)
Net of tax -----	1,984	1,035	12,409
Subtotal -----	3,419	(333)	21,385
Items that may be subsequently reclassified to profit or loss			
Net gain (loss) on derivatives designated as cash flow hedges			
Amount arising during the year -----	(39)	(569)	(244)
Reclassification adjustments-----	26	793	163
Tax income (expense) -----	4	(71)	25
Net of tax -----	(8)	152	(50)
Exchange differences on translation of foreign operations			0
Amount arising during the year -----	44,241	(4,787)	276,714
Reclassification adjustments-----	(468)	(22,458)	(2,927)
Tax income-----	64	827	400
Net of tax -----	43,837	(26,418)	274,187
Share of other comprehensive income of investments accounted for using the equity method -----	70	2	438
Subtotal -----	43,899	(26,263)	274,575
Total-----	¥ 47,319	¥ (26,596)	\$ 295,966

Among the above, amounts attributable to non-controlling interests are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Exchange differences on translation of foreign operations -----	¥1,244	¥308	\$7,781
Total-----	¥1,244	¥308	\$7,781

34. Share-based payment

(1) Share option plan

The Group's share-based payments arise from the share options given to the Company's executive officers, directors (excluding outside directors), and group executives (hereinafter "officers, etc.").

No vesting conditions are attached, but in the event that an officer, etc. retires prior to the completion of his/her target service period, he/she may retain a number of share acquisition rights corresponding to that number granted multiplied by the number of months in appointment (from the month prior to the month in which the target service period starts until the month in which the officer, etc. retires) and divided by 12. The remaining share acquisition rights are to be returned free of charge.

The exercise period is defined in an allocation agreement, and the options are forfeited if not exercised during that period. Options are also forfeited if the officer, etc. retires between the grant date and the date of rights allotment. Rights exercise conditions stipulate that the date that the rights become exercisable is the day following the day on which one year has elapsed from the date when the officer, etc. steps down from his/her position.

The Group accounts for share-based payments as equity-settled and recognizes them as selling, general and administrative expenses in the consolidated statement of profit or loss. The Group uses valuation technique, i.e., Black-Scholes model, to estimate the fair value of the share options.

Since the Group has decided not to grant new share options after the 12th share options, which were issued in August 2016, as last ones, expenses for this transaction were not recorded in the current fiscal year.

	Number of share options granted	Grant date	Exercise period	Exercise price (Yen)	Fair value at the grant date (Yen)
8th-----	285,500	August 22, 2012	June 30, 2032	¥1	¥ 518
9th-----	257,500	August 22, 2013	June 30, 2043	1	678
10th-----	159,600	September 11, 2014	June 30, 2044	1	1,068
11th-----	110,100	August 18, 2015	June 30, 2045	1	1,148
12th-----	191,400	August 31, 2016	June 30, 2046	¥1	¥ 687

	2026		2025	
	Number of shares	Weighted average exercise price (Yen)	Number of shares	Weighted average exercise price (Yen)
Outstanding, beginning of the year-----	225,300	¥1	303,500	¥1
Exercised-----	34,700	1	78,200	1
Outstanding, end of the year-----	190,600	1	225,300	1
Exercisable, end of the year-----	190,600	¥1	225,300	¥1

(Note 1) The number of share options outstanding for each fiscal year is converted to the number of shares.

(Note 2) The weighted average share price for share options exercised during the year was ¥515 (\$3.22) (previous fiscal year: ¥464).

(Note 3) The weighted average remaining number of years for unexercised share options as of the end of the current fiscal year was 18 years (previous fiscal year: 19 years).

(2) Share-granting trust plan

The Group has in place a system called a Directors' Compensation Board Incentive Plan (BIP) Trust as share-based payments, and grants points to executive officers, non-executive inside directors, executive officers and technology fellows of the Company (hereinafter, "officers, etc.").

Based on the share distribution regulations, points are granted to officers, etc. according to the corporate position, achievement level of performance targets, etc. According to these points, the Company's shares and cash equivalent to the price of conversion of the Company's shares are delivered or provided (hereinafter, "delivery, etc.") after the period covered by the Medium-term Business Plan ends or after the officers, etc. retire.

No vesting conditions are attached, but in the event that an officer, etc. retires prior to the completion of his/her target service period, delivery, etc. according to the number of points corresponding to that number granted multiplied by the number of months in appointment (from the month prior to the month in which the target service period starts until the month in which the officer, etc. retires) and divided by 12 is made to the officers, etc.

Funds for the above delivery, etc. are contributed to the trust to acquire the Company's shares from the stock market. As of the end of the current fiscal year, the balance of the Company's shares owned by the trust was ¥1,258 million (\$7,868 thousand) (previous fiscal year: ¥972 million) and recorded as treasury shares in the consolidated statement of financial position.

The Group introduced this plan from FY2017 and continued to employ the plan until FY2025. We have now decided to continue the plan in and after FY2026.

	2026	2025
Number of points-----	455,759	465,303
Fair value (Note) (Yen)-----	¥432	¥432

(Note) The fair value of the Company's shares delivered, etc. in accordance with points granted during the period is measured based on the observable market price, and expected dividends are taken into account in the fair value measurement.

(3) Expenses recognized for the current fiscal year

The Group's share-based payment plan is accounted for as equity-settled share-based payments, and the amount of expenses for equity-settled share-based payment transactions is ¥179 million (\$1,120 thousand) (previous fiscal year: ¥201 million), and is recorded as selling, general and administrative expenses in the consolidated statement of profit or loss.

35. Financial instruments

(1) Capital management

In order to achieve growth and improvement in corporate value over the medium- to long-term, the Group ensures financial soundness while increasing the capital efficiency, as its basic policy for capital management.

The principal indicators the Company uses for capital management are as follows:

	2026	2025
ROE (Note 1) -----	6.1%	(9.5)%
Equity ratio attributable to owners of the Company (Note 2) -----	43.4%	38.0%
D/E ratio (Note 3) -----	0.74 times	0.95 times
Net D/E ratio (Note 4) -----	0.54 times	0.75 times

(Note 1) Profit for the year attributable to owners of the Company / equity attributable to owners of the Company (average for the period)

(Note 2) Equity attributable to owners of the Company / total equity

(Note 3) Interest-bearing debt / equity attributable to owners of the Company

(Note 4) (Interest-bearing debt - cash and cash equivalents) / equity attributable to owners of the Company

(2) Categories of financial instruments

1) The Group classifies financial instruments as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Financial assets			
Financial assets measured at amortized cost			
Cash and cash equivalents -----	¥ 110,762	¥ 89,904	\$ 692,782
Trade and other receivables -----	249,499	234,983	1,560,539
Other financial assets -----	9,352	9,528	58,494
Financial assets measured at FVTOCI			
Other financial assets -----	12,554	9,574	78,521
Financial assets measured at FVTPL			
Other financial assets -----	15,817	37,563	98,930
Financial liabilities			
Financial liabilities measured at amortized cost			
Trade and other payables -----	172,737	170,722	1,080,417
Bonds and borrowings -----	329,639	343,284	2,061,790
Other financial liabilities -----	875	1,142	5,473
Financial liabilities measured at FVTPL			
Other financial liabilities -----	¥ 2,086	¥ 413	\$ 13,047

Other than the above, there are finance lease receivables of ¥67,115 million (\$419,784 thousand) (previous fiscal year: ¥54,634 million), contract assets of ¥25 million (\$156 thousand) (previous fiscal year: ¥22 million).

2) Financial assets designated as FVTOCI

Shares and other equity financial instruments are held after determining the significance or justification for ownership primarily based on whether there are expectations of collaboration and business synergies, as well as on whether the benefit and risk of such ownership are commensurate with the capital cost. These are financial assets designated as FVTOCI.

The names and fair value of principal equity financial instruments are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Sumitomo Mitsui Financial Group, Inc. -----	¥ 3,095	¥ 2,346	\$ 19,358
MS&AD Insurance Group Holdings, Inc. -----	2,660	2,127	16,637
Resona Holdings, Inc. -----	1,477	1,104	9,238
The Hyakujushi Bank, Ltd. -----	1,285	534	8,037
JCB Co., Ltd. -----	1,013	958	6,336
Sompo Holdings, Inc. -----	871	655	5,448
T&D Holdings, Inc. -----	745	597	4,660
Other -----	1,405	1,250	8,788
Total	¥ 12,554	¥ 9,574	\$ 78,521

To increase the efficiency of held assets and use them effectively, regular monitoring is performed in relation to the fair value of equity financial instruments and the financial condition of the issuers, and the ongoing holding status of these instruments is reviewed. The fair value at the time of sale of shares during the year and cumulative gains or losses recognized in other components of equity (before tax effects) are as follows.

Cumulative gains or losses on financial assets measured at FVTOCI recognized in other components of equity are transferred from other components of equity to retained earnings when the investment is disposed of.

In addition, such gains or losses are also transferred from other components of equity to retained earnings when the fair value declined significantly.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Fair value at time of sale-----	¥ 152	¥ 737	\$ 951
Cumulative gains (net of tax effects)-----	¥ 87	¥ (166)	\$ 544

Breakdown of dividends income recognized from equity financial instruments is as follows:

Millions of yen				Thousands of U.S. dollars	
2026		2025		2026	
Financial assets derecognized during the period	Financial assets held as of March 31, 2026	Financial assets derecognized during the period	Financial assets held as of March 31, 2025	Financial assets derecognized during the period	Financial assets held as of March 31, 2026
¥ –	¥ 401	¥ 22	¥ 316	\$ –	\$ 2,508

(3) Financial risk management

1) Credit risk (risk that counterparties will fail to fulfill their contractual obligations)

Customer credit risk is an inherent part of trade and other receivables. For that reason, with respect to its trade receivables the Group regularly monitors the condition of its key business partners to determine potential unrecoverability due to worsening financial conditions at an early stage and to reduce this risk. The Group also has a policy of managing receivables for each of its transaction partners by due date and balance. Basically, if receivables are significantly past due and it is considered impossible or extremely difficult to recover all or part of the receivables, it is deemed that default has occurred. In addition, if material financial difficulty has arisen in the borrower and it is considered difficult to recover receivables, it is also deemed that default has occurred. The Group determines whether or not credit risk has increased, based on changes in the risk of default occurring. For new customers, the Group employs third-party credit ratings, bank references and other available information to analyze individual credit conditions. The Group's policy is to set credit limits for each customer and monitor these on an ongoing basis.

The Group uses derivative transactions to hedge foreign exchange fluctuation risk and interest rate fluctuation risk. The financial institutions that are counterparties to such transactions present credit risks. However, the Group believes its credit risk related to counterparties failing to fulfill their obligations is very low or limited, as the Group only conducts such transactions with financial institutions of high credit ratings.

The maximum exposure to credit risk in financial assets is stated in the carrying amounts presented in the consolidated statement of financial position.

(a) Credit exposures related to trade and other receivables

The Group estimates expected credit loss and recognizes allowance for doubtful accounts, taking into consideration the recoverability of receivables and the estimated recoverable amount. The Group judges trade and other receivables in light of business partners' financial conditions, past due status of receivables, past records of bad debts losses reported, etc., taking into account projection of future economic conditions and others. Allowance for doubtful accounts for trade and other receivables is always measured at an amount equal to lifetime expected credit loss.

In cases where one or more events that have adverse effects on estimated future cash flows of financial assets, such as cases where the number of months past due is more than six months and where the number of months past due is six months or less and material financial difficulty has arisen in the borrower, the receivables are classified as credit-impaired financial assets.

Past due information on "Trade and other receivables" subject to application of the simplified approach is as follows:

As of March 31, 2025

Millions of yen			
Number of months past due	Financial assets not classified as credit-impaired financial assets	Credit-impaired financial assets	
No days past due -----	¥ 253,051	¥	2,586
3 months or less -----	26,139		—
More than 3 months, 6 months or less -----	5,329		4
More than 6 months -----	—		15,841
Total	¥ 284,519	¥	18,432

As of March 31, 2026

Millions of yen			
Number of months past due	Financial assets not classified as credit-impaired financial assets	Credit-impaired financial assets	
No days past due -----	¥ 279,968	¥	2,765
3 months or less -----	27,705		—
More than 3 months, 6 months or less -----	4,795		—
More than 6 months -----	—		14,522
Total	¥ 312,470	¥	17,288

Thousands of U.S. dollars			
Number of months past due	Financial assets not classified as credit-impaired financial assets	Credit-impaired financial assets	
No days past due -----	\$ 1,751,113	\$	17,294
3 months or less -----	173,286		—
More than 3 months, 6 months or less -----	29,991		—
More than 6 months -----	—		90,831
Total	\$ 1,954,403	\$	108,131

With respect to other financial assets, the balances for the fiscal years ended March 31, 2025 and 2026 are not significant.

(b) Allowance for doubtful accounts

The Group uses the allowance for doubtful accounts to record impairment losses at the non-recoverable amount for individually significant financial assets, and to record impairment losses based on projection of future economic conditions and others, taking into account past records of bad debts losses reported, etc., for financial assets that are not individually significant. The allowance for doubtful accounts for these financial assets is included in "trade and other receivables" and "other financial assets" in the consolidated statement of financial position.

Changes in allowance for doubtful accounts related to "Trade and other receivables" subject to application of the simplified approach are as follows:

Previous fiscal year (From April 1, 2024 to March 31, 2025)
Trade and other receivables

	Millions of yen	
	Financial assets not classified as credit-impaired financial assets	Credit-impaired financial assets
Balance, beginning of the year -----	¥ 3,344	¥ 7,419
Provisions made -----	1,251	4,933
Transfer to credit-impaired financial assets -----	(286)	286
Provisions utilized -----	(336)	(2,193)
Provisions reversed -----	(551)	(210)
Increase due to business combinations -----	—	45
Transfer to assets held for sale -----	(46)	(231)
Effects of changes in foreign exchange rates -----	(28)	(84)
Balance, end of the year -----	¥ 3,346	¥ 9,964

Current fiscal year (From April 1, 2025 to March 31, 2026)
Trade and other receivables

	Millions of yen	
	Financial assets not classified as credit-impaired financial assets	Credit-impaired financial assets
Balance, beginning of the year -----	¥ 3,346	¥ 9,964
Provisions made -----	934	2,031
Transfer to credit-impaired financial assets -----	(124)	124
Provisions utilized -----	(322)	(2,090)
Provisions reversed -----	(1,008)	(721)
Effects of changes in foreign exchange rates -----	336	648
Balance, end of the year -----	¥ 3,162	¥ 9,956

	Thousands of U.S. dollars	
	Financial assets not classified as credit-impaired financial assets	Credit-impaired financial assets
Balance, beginning of the year -----	\$ 20,928	\$ 62,322
Provisions made -----	5,842	12,703
Transfer to credit-impaired financial assets -----	(776)	776
Provisions utilized -----	(2,014)	(13,072)
Provisions reversed -----	(6,305)	(4,510)
Effects of changes in foreign exchange rates -----	2,102	4,053
Balance, end of the year -----	\$ 19,777	\$ 62,272

Changes in allowance for doubtful accounts for other financial assets are not significant.

2) Liquidity risk (risk of not being able to pay on the payment due date)

The Group raises funds through borrowings and other means. With these liabilities, the Group assumes liquidity risk arising from the possibility that it may become unable to meet its payment obligations on their due dates, owing to deterioration in the financing environment.

To control the Group's liquidity risk, the Company's finance department creates and updates cash plans as necessary, based on information obtained from its consolidated subsidiaries and various departments. At the same time, the Company constantly monitors the operating environment to maintain and ensure appropriate on-hand liquidity in response to changing conditions.

Balances of long-term financial liabilities by due date are shown below. Contractual cash flows are undiscounted cash flows that do not include interest payment amounts. Notes to "trade and other payables," and "short-term loans payable," have been omitted because they are settled in the short term.

As of March 31, 2025

	Millions of yen							
	Carrying amounts	Contractual cash flows	1 year or less	More than 1 year, 2 years or less	More than 2 years, 3 years or less	More than 3 years, 4 years or less	More than 4 years, 5 years or less	More than 5 years
Long-term loans payable -----	¥ 191,131	¥ 193,167	¥ 32,373	¥ 15,661	¥ 25,090	¥ 4,023	¥ 16,018	¥ 100,000
Bonds -----	54,858	55,000	—	30,000	15,000	10,000	—	—
Lease liabilities -----	94,886	119,829	20,954	16,988	11,787	8,790	6,405	54,902
Derivative financial liabilities -	413	413	413	—	—	—	—	—
Others -----	1,142	1,142	1	1,140	—	—	—	—
Total -----	¥ 342,431	¥ 369,553	¥ 53,743	¥ 63,791	¥ 51,878	¥ 22,813	¥ 22,424	¥ 154,902

As of March 31, 2026

Millions of yen								
	Carrying amounts	Contractual cash flows	1 year or less	More than 1 year, 2 years or less	More than 2 years, 3 years or less	More than 3 years, 4 years or less	More than 4 years, 5 years or less	More than 5 years
Long-term loans payable -----	¥ 182,800	¥ 184,021	¥ 15,164	¥ 28,007	¥ 24,768	¥ 16,073	¥ 7	¥ 100,000
Bonds -----	78,295	78,500	30,000	15,000	10,000	—	13,500	10,000
Lease liabilities-----	68,672	76,683	21,938	15,563	10,909	7,989	5,294	14,987
Derivative financial liabilities -	2,086	2,086	2,086	—	—	—	—	—
Others -----	875	875	2	873	—	—	—	—
Total-----	¥ 332,729	¥ 342,166	¥ 69,191	¥ 59,444	¥ 45,678	¥ 24,062	¥ 18,802	¥ 124,987

Thousands of U.S. dollars								
	Carrying amounts	Contractual cash flows	1 year or less	More than 1 year, 2 years or less	More than 2 years, 3 years or less	More than 3 years, 4 years or less	More than 4 years, 5 years or less	More than 5 years
Long-term loans payable -----	\$ 1,143,358	\$ 1,150,994	\$ 94,846	\$ 175,175	\$ 154,916	\$ 100,532	\$ 44	\$ 625,469
Bonds -----	489,711	490,993	187,641	93,820	62,547	—	84,438	62,547
Lease liabilities-----	429,522	479,628	137,215	97,342	68,232	49,969	33,112	93,739
Derivative financial liabilities -	13,047	13,047	13,047	—	—	—	—	—
Others -----	5,473	5,473	13	5,460	—	—	—	—
Total-----	\$ 2,081,117	\$ 2,140,143	\$ 432,768	\$ 371,804	\$ 285,702	\$ 150,500	\$ 117,601	\$ 781,755

3) Market risks (foreign exchange, share price and interest rate fluctuation risks)

(a) Foreign exchange fluctuation risk

As part of developing its global business, the Group has foreign currency receivables and payables, which are subject to foreign exchange fluctuation risk. To manage this risk, the Group determines its foreign exchange fluctuation risk in each currency every month and, in principle, hedges this risk by using forward exchange transactions and currency option transactions. Depending on foreign exchange market conditions, the Group may also enter into forward exchange contracts and currency option transactions for limited time periods on foreign currency receivables and payables for expected transactions it deems certain to occur. In addition, derivatives are mainly used for hedging to avoid foreign exchange risk of net investments in foreign operations.

Foreign exchange sensitivity analysis

The table below shows the impact on profit before tax in the consolidated statement of profit or loss of a 1% increase in value of the U.S. dollar, the euro and the pound sterling against the yen due to its balances of foreign currency receivables and payables at the end of each fiscal year. On the assumption that other variables remain constant, a 1% decline in the value of the yen against the U.S. dollar, the euro and the pound sterling has the opposite impact at the same amounts as shown in the table below. The analysis is based on the assumption that currencies other than each currency used in the calculation do not fluctuate, and does not include financial instruments in the functional currency and effects of the translation of assets, liabilities, revenue and expenses of foreign operations to Japanese yen.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
U.S. dollar -----	¥ 92	¥ 382	\$ 575
Euro -----	908	673	5,679
Pound sterling -----	¥ 3	¥ 2	\$ 19

(b) Share price fluctuation risk

The Group holds shares in other listed companies in the interest of cultivating business relationships, and these equity financial instruments are subject to share price fluctuation risk. Equity financial instruments are held to ensure the smooth operation of business strategies by reinforcing business alliances and business synergies, and not for earning investment returns through sales. With respect to equity financial instruments, the Group regularly monitors share prices and checks the issuing entity's financial condition.

Share price fluctuation sensitivity analysis

In the sensitivity analysis below, the Group calculates sensitivity based on the price risk on equity financial instruments at the end of the fiscal year. A 1% increase or decrease in share prices had a ¥103 million (\$644 thousand) impact on other components of equity (before tax effects) as of the end of the current fiscal year (previous fiscal year: ¥77 million).

In discontinued operations, the Group plans to sell shares received as partial consideration for transfer as soon as possible, taking market conditions into account. A 1% increase or decrease in the price of the shares received as partial consideration for transfer has an impact of ¥130 million (\$813 thousand) on profit before tax from discontinued operation, assuming that all other variables remain constant.

(c) Interest rate fluctuation risk

The Group enters into interest-rate swap contracts to hedge the potential risk to cash flows of interest rate fluctuations. The Group uses these derivative transactions according to defined policies for the purpose of reducing risk. In addition, bonds and borrowings are partially financed at fixed interest rates.

Interest rate sensitivity analysis

A 1% increase or decrease in interest rates on the Group's bonds and borrowings that are subject to interest rate volatility has an impact of ¥2,015 million (\$12,603 thousand) on profit before tax (previous fiscal year: ¥2,310 million), assuming that all other variables remain constant.

(4) Fair value of financial instruments**Fair value calculation method**

The fair value of financial assets and financial liabilities is calculated as described below. Information about defining the level of the hierarchy is described in (5) Fair value hierarchy.

1) Derivative financial assets and liabilities

Fair value of currency derivatives is based on forward quotations and prices quoted by financial institutions that enter into these contracts. Fair value of interest rate derivatives is based on prices quoted by financial institutions that enter into these contracts, and both are classified in level 2.

2) Investment securities

Where market prices are available, fair value is based on market prices and classified in level 1. For financial instruments for which market prices are not available, fair value is calculated by discounting future cash flows or using other appropriate valuation methods and classified in level 3, taking into account the individual nature, characteristics and risks of the assets.

3) Borrowings

As short-term loans payable is to be settled in a short period of time, their fair value is assumed to be equivalent to the carrying amounts.

For long-term loans payable with fixed interest rates, fair value is calculated by discounting the total amount of principal and interest using assumed interest rate of a new similar borrowing and classified in level 3. As the interest rates of long-term loans payable with variable interest rates are revised upon each repricing period, their fair value is assumed to be equivalent to the carrying amounts.

4) Bonds

Fair value is calculated on the basis of market value and classified in level 2.

5) Contingent consideration

Fair value is calculated by estimating the amount of additional payment that may occur in the future, using an appropriate valuation method, and classified in level 3.

6) Financial instruments other than those indicated above

Financial instruments other than those indicated above are mainly settled in the short term, so their fair value is assumed to be equivalent to their carrying amounts.

Carrying amounts and fair value of major financial instruments measured at amortized cost are as follows:

	Millions of yen				Thousands of U.S. dollars	
	2026		2025		2026	
	Carrying amounts	Fair value	Carrying amounts	Fair value	Carrying amounts	Fair value
Long-term loans payable -----	¥ 182,800	¥ 154,449	¥ 191,131	¥ 170,300	\$ 1,143,358	\$ 966,031
Bonds -----	78,295	77,292	54,858	53,944	489,711	483,438
Total -----	¥ 261,095	¥ 231,741	¥ 245,989	¥ 224,244	\$ 1,633,069	\$ 1,449,468

(Note 1) Long-term loans payable and bonds include balances redeemable within one year.

(Note 2) Financial instruments that are to be settled in a short period of time are not included in the above table because their fair value approximates their carrying amounts.

(5) Fair value hierarchy

Financial instruments which are measured at fair value after initial recognition are classified according to fair value hierarchy. The fair value hierarchy comprises levels 1 through 3, defined as follows:

Level 1: Quoted prices in the active markets for identical assets or liabilities

Level 2: Inputs, other than those included within level 1, consisting, directly or indirectly, of observable prices

Level 3: Inputs that are not based on observable market data

Transfers between fair value hierarchy levels are recognized on the date the event or condition prompting the transfer occurred.

Financial assets and financial liabilities measured at fair value in the previous fiscal year and the current fiscal year, by fair value hierarchy are as follows:

Millions of yen				
2025				
	Level 1	Level 2	Level 3	Total
Financial assets				
Investment securities -----	¥ 42,642	¥ -	¥ 2,651	¥ 45,293
Derivative financial assets -----	-	-	-	-
Others-----	519	-	1,324	1,844
Total-----	43,161	-	3,976	47,138
Financial liabilities				
Derivative financial liabilities-----	-	413	-	413
Total-----	¥ -	¥ 413	¥ -	¥ 413

Millions of yen				
2026				
	Level 1	Level 2	Level 3	Total
Financial assets				
Investment securities -----	¥ 23,430	¥ -	¥ 2,965	¥ 26,396
Derivative financial assets -----	-	176	-	176
Others-----	473	-	1,325	1,799
Total-----	23,904	176	4,290	28,371
Financial liabilities				
Derivative financial liabilities-----	-	2,086	-	2,086
Total-----	¥ -	¥ 2,086	¥ -	¥ 2,086

(Note) No transfers between level 1, 2 and 3 occurred during the previous fiscal year and the current fiscal year.

Thousands of U.S. dollars				
2026				
	Level 1	Level 2	Level 3	Total
Financial assets				
Investment securities -----	\$ 146,547	\$ -	\$ 18,545	\$ 165,099
Derivative financial assets -----	-	1,101	-	1,101
Others-----	2,958	-	8,287	11,252
Total-----	149,512	1,101	26,833	177,452
Financial liabilities				
Derivative financial liabilities-----	-	13,047	-	13,047
Total-----	\$ -	\$ 13,047	\$ -	\$ 13,047

Increases or decreases in financial instruments classified as level 3

Increases or decreases in financial instruments classified as level 3 in each fiscal year are as follows:

	Millions of yen	
	Financial assets	Financial liabilities
Balance at April 1, 2024-----	¥ 4,466	¥ 457
Gains (losses) (Note 1)		
Profit for the year (Note 2) -----	(2,729)	—
Other comprehensive income -----	39	—
Acquisitions (Note 2) -----	5,512	—
Disposals and settlements -----	(341)	(235)
Transfer to liabilities held for sale -----	—	(224)
Others (Note 2) -----	(2,586)	—
Effects of changes in foreign exchange rates -----	(383)	2
Balance at March 31, 2025-----	3,976	—
Gains (losses) (Note 1)		
Profit for the year-----	7	—
Other comprehensive income -----	58	—
Acquisitions -----	196	—
Disposals and settlements -----	(0)	—
Effects of changes in foreign exchange rates -----	51	—
Balance at March 31, 2026 -----	¥ 4,290	¥ —

(Note 1) Gains or losses recognized in profit for the year excluding "Others (Note 2)" are presented as "Finance income" or "Finance costs" in the consolidated statement of profit or loss. Gains or losses recognized in other comprehensive income are presented as "Net of tax" in the consolidated statement of comprehensive income.

(Note 2) In the previous fiscal year, a portion of the consideration for the transfer of equity capital of Invicro, LLC, a discontinued operation, had been recorded as a financial asset classified as Level 3 in the fair value hierarchy, representing the right to receive consideration. However, upon agreement of the final price adjustment, the amount was reclassified to accounts receivable - other. The loss recognized as a change in the fair value of such financial assets is presented in "Profit from Discontinued Operation" in the consolidated statement of profit or loss.

	Thousands of U.S. dollars	
	Financial assets	Financial liabilities
Balance at March 31, 2025-----	\$ 24,869	\$ —
Gains (losses)		
Profit for the year-----	44	—
Other comprehensive income -----	363	—
Acquisitions -----	1,226	—
Disposals and settlements -----	(0)	—
Effects of changes in foreign exchange rates -----	319	—
Balance at March 31, 2026 -----	\$ 26,833	\$ —

(6) Derivatives and hedge accounting

The Group enters into derivative contracts with financial institutions, hedging fluctuations in cash flows on its financial assets and financial liabilities. The Group limits such transactions to those necessarily required for hedging purposes and not for speculative purposes.

In principle, the Group uses forward exchange contracts and currency options to hedge foreign exchange fluctuation risk related to foreign currency receivables and payables, categorized by currency and by month. Depending on foreign exchange market conditions, the Group may enter into forward exchange contracts and conduct currency option transactions for limited time periods on foreign currency receivables and payables for expected transactions it deems certain to occur.

The Group uses currency swap and interest-rate swap transactions to reduce interest rate fluctuation risk for borrowings with variable interest rates, as well as to mitigate fluctuation risk on expected future funding costs, and makes use of cash flow hedges.

In addition to these, the Group conducts hedge accounting treatment by using derivatives for the purpose of avoiding its foreign exchange exposure in net investments in foreign operations mainly.

The fair value of derivatives are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Derivatives employing hedge accounting			
Currency derivatives -----	¥ —	¥ (20)	\$ —
Interest rate derivatives -----	(314)	(288)	(1,964)
Derivatives not employing hedge accounting			
Currency derivatives -----	(1,595)	(104)	(9,976)
Total -----	¥ (1,910)	¥ (413)	\$ (11,946)

(7) Offsetting financial assets and financial liabilities

Information related to offsetting recognized financial assets and financial liabilities with the same business partner is as follows:

Previous fiscal year (From April 1, 2024 to March 31, 2025)

Millions of yen				
Financial assets	Type of transaction	Total amount of recognized financial assets	Total amount of recognized financial liabilities to be offset in consolidated statement of financial position	Net amount of financial assets reported in consolidated statement of financial position
Cash and cash equivalents	Notional pooling	¥ 16,943	¥ 16,166	¥ 776

Financial liabilities	Type of transaction	Total amount of recognized financial liabilities	Total amount of recognized financial assets to be offset in consolidated statement of financial position	Net amount of financial liabilities reported in consolidated statement of financial position
Bonds and borrowings	Notional pooling	¥ 16,166	¥ 16,166	¥ —

Current fiscal year (From April 1, 2025 to March 31, 2026)

Millions of yen				
Financial assets	Type of transaction	Total amount of recognized financial assets	Total amount of recognized financial liabilities to be offset in consolidated statement of financial position	Net amount of financial assets reported in consolidated statement of financial position
Cash and cash equivalents	Notional pooling	¥ 20,243	¥ 19,875	¥ 367

Financial liabilities	Type of transaction	Total amount of recognized financial liabilities	Total amount of recognized financial assets to be offset in consolidated statement of financial position	Net amount of financial liabilities reported in consolidated statement of financial position
Bonds and borrowings	Notional pooling	¥ 19,875	¥ 19,875	¥ —

Thousands of U.S. dollars				
Financial assets	Type of transaction	Total amount of recognized financial assets	Total amount of recognized financial liabilities to be offset in consolidated statement of financial position	Net amount of financial assets reported in consolidated statement of financial position
Cash and cash equivalents	Notional pooling	\$ 126,614	\$ 124,312	\$ 2,295

Financial liabilities	Type of transaction	Total amount of recognized financial liabilities	Total amount of recognized financial assets to be offset in consolidated statement of financial position	Net amount of financial liabilities reported in consolidated statement of financial position
Bonds and borrowings	Notional pooling	\$ 124,312	\$ 124,312	\$ —

36. Related parties

Remuneration for directors and audit and supervisory board members for the years ended March 31, 2026 and 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Fixed remuneration-----	¥ 432	¥ 474	\$ 2,702
Performance-linked remuneration -----	158	133	988
Share-based remuneration-----	113	149	707
Total-----	¥ 705	¥ 757	\$ 4,410

37. Commitments

The amount of contractual commitments to acquire assets is negligible.

38. Contingencies

The Group guarantees lease liabilities, etc., for companies outside the Group. As of the end of the current fiscal year, guarantee obligations totaled ¥258 million (\$1,614 thousand) (previous fiscal year: ¥204 million). As the likelihood of performance of these guarantee obligations is low, they have not been recognized as financial liabilities.

39. Disclosure of interests in other entities

The Group's subsidiaries as of March 31, 2026 are as follows:

Name	Location	Ownership interest (%)
Konica Minolta Japan, Inc.-----	Minato-ku, Tokyo	100
Kinko's Japan Co., Ltd.-----	Minato-ku, Tokyo	100
Konica Minolta Supplies Manufacturing Co., Ltd. -----	Kofu, Yamanashi	100
Konica Minolta Mechatronics Co., Ltd. -----	Toyokawa, Aichi	100
Konica Minolta Technoproducts Co., Ltd. -----	Sayama, Saitama	100
Konica Minolta Planetarium Co., Ltd. -----	Toshima-ku, Tokyo	100
Konica Minolta Connect Co., Ltd. -----	Hino, Tokyo	100
Konica Minolta Information System Co., Ltd.-----	Hachioji, Tokyo	100
Konica Minolta Business Solutions U.S.A., Inc.-----	New Jersey, U.S.A.	100
Konica Minolta Business Solutions Europe GmbH-----	Langenhagen, Germany	100
Konica Minolta Business Solutions Deutschland GmbH-----	Langenhagen, Germany	100
Konica Minolta Business Solutions France S.A.S. -----	Carrieres-sur-Seine, France	100
Konica Minolta Business Solutions (UK) Limited-----	Essex, United Kingdom	100
Konica Minolta Business Solutions (CHINA) Co., Ltd. -----	Shanghai, China	100
Konica Minolta Business Technologies Manufacturing (HK) Limited -----	Hong Kong, China	100
Konica Minolta Business Technologies (DONGGUAN) Co., Ltd. -----	Dongguan, China	100
Konica Minolta Business Solutions Asia Pte. Ltd. -----	Media Circle, Singapore	100
Konica Minolta Business Technologies (Malaysia) Sdn. Bhd.-----	Melaka, Malaysia	100
Konica Minolta Business Solutions India Private Ltd. -----	Haryana, India	100
Konica Minolta Business Solutions Australia Pty. Ltd. -----	New South Wales, Australia	100
Radiant Vision Systems, LLC-----	Washington, U.S.A.	100
Konica Minolta Sensing Europe B.V. -----	Nieuwegein, Netherlands	100
Instrument Systems GmbH-----	Munich, Germany	100
Konica Minolta Opto (DALIAN) Co., Ltd. -----	Dalian, China	100
Konica Minolta Healthcare Americas, Inc. -----	New Jersey, U.S.A.	100
KONICA MINOLTA MEDICAL TECHNOLOGY (SHANGHAI) CO., LTD.-----	Shanghai, China	100
Konica Minolta Holdings U.S.A., Inc. -----	New Jersey, U.S.A.	100
Konica Minolta (CHINA) Investment Ltd. -----	Shanghai, China	100
105 other companies	—	—

The Group has no material non-controlling interests in subsidiaries.

No significant legal or contractual limitations exist with respect to the transfer or use of assets or liability settlement capabilities within the Group.

40. Subsequent events

Completion of the sale of shares previously received as consideration in connection with a consolidated-subsidary share transfer

Intending to strengthen the Company's financial structure and improve capital efficiency, the Company has sold all of its shares in Tempus AI, Inc. on the market. The amount of the sale in the first quarter of the fiscal year ending March 31, 2027 was \$99 million, and the amount of profit from this sale (reported as profit from discontinued operation) was \$18 million. The proceeds from the sale are planned to be used for the reduction of interest-bearing debt and shareholder returns, among other purposes.

Receipt of U.S. Tariff Refunds

As of March 31, 2026, the Company had filed tariff refund claims with the U.S. authorities. Subsequent to March 31, 2026, the Company confirmed the receipt of tariff refunds relating to tariffs previously paid in the United States. Cash refunds totaled approximately \$46.5 million.

Independent auditor's report

To the Board of Directors of Konica Minolta, Inc.:

Opinion

We have audited the accompanying consolidated financial statements of Konica Minolta, Inc. (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”), which comprise the consolidated statement of financial position as at March 31, 2026, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2026, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements of public interest entities in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of 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 these matters.

Valuation of the group of cash-generating units containing goodwill allocated to the Office Unit

The key audit matter	How the matter was addressed in our audit
As described in Note 15, “Impairment of non-financial assets, (2) Impairment tests on goodwill and intangible assets with indefinite useful lives” to the consolidated financial statements, Konica Minolta, Inc. (hereinafter referred to as the “Company”)	The primary procedures we performed to assess the appropriateness of the valuation of the group of CGUs associated with the Office Unit included the following: (1) Internal control testing

and its consolidated subsidiaries recognized goodwill and intangible assets of ¥182,775 million in the consolidated statement of financial position, which included goodwill of ¥80,903 million allocated to a group of cash-generating units ("CGUs") associated with the Office Unit.

A CGU or group of CGUs containing goodwill or intangible assets with indefinite useful lives is tested for impairment annually and whenever the Company identifies any indications of impairment. In the impairment testing, an impairment loss is recognized if the recoverable amount of a CGU or group of CGUs containing goodwill or intangible assets with indefinite useful lives is less than its carrying amount. The recoverable amount is the higher of either the value in use or the fair value less costs of disposal.

As a result of the annual impairment testing conducted during the current fiscal year, the recoverable amount of the group of CGUs associated with the Office Unit exceeded the carrying amount. Accordingly, an impairment loss was not recognized.

The recoverable amount of the group of CGUs associated with the Office Unit was determined based on the value in use.

The future cash flows used to measure the value in use were estimated based on the business plan of the Office Unit and a terminal growth rate for the periods subsequent to the period covered by the business plan. The projections of future revenue adopted in the business plan and the estimated terminal growth rate for the periods subsequent to the period covered by the business plan involved a high degree of uncertainty and a high dependency upon management's judgment.

In addition, selecting appropriate models and input data for estimating the discount rate used to calculate the value in use required a high degree of expertise in valuation.

We, therefore, determined that the valuation of the group of CGUs associated with the Office Unit was one of the most significant

We tested the design and operating effectiveness of certain of the Company's internal controls relevant to measuring the recoverable amount used in the impairment testing of a CGU or group of CGUs containing goodwill or intangible assets with indefinite useful lives.

(2) Assessment of the reasonableness of the estimated value in use

In order to assess the reasonableness of the estimated value in use, we inquired of the personnel responsible for the business about the rationale for the estimate. In addition, we performed the procedures set forth below, among others.

- We assessed the appropriateness of the projections of future revenue adopted in the business plan by comparing them with historical revenue trends, and then by assessing their consistency with the growth rate of the relevant markets forecasted by external research organizations;
- We assessed the appropriateness of the terminal growth rate for the periods subsequent to the period covered by the business plan by comparing it with the growth rate of the relevant markets forecasted by external research organizations and the estimated operating profit included in the business plan; and
- We assessed the appropriateness of the models used to estimate the discount rate by involving valuation specialists within our network firms and assessed the appropriateness of the input data by comparing it with applicable data published by external organizations.

matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, was a key audit matter.	
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Other Information

The other information comprises the information included in the disclosure documents that contain or accompany the audited financial statements, but does not include the consolidated financial statements, the financial statements, and our auditor's report thereon.

We do not perform any work on the other information, as we have determined that such information does not exist.

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 directors' performance of their duties with regard to the design, implementation and maintenance of 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 our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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 an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express 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 presentation and disclosures in the consolidated financial statements are in accordance with IFRS Accounting Standards, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose 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, 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 them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related 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 paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries for the current year are 1,587 million yen and 161 million yen, respectively.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2026, are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We 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.

Yoshihide Takehisa

Designated Engagement Partner

Certified Public Accountant

Yuichi Watanabe

Designated Engagement Partner

Certified Public Accountant

Yushi Nakajima

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Tokyo Office, Japan

July 30, 2026

Notes to the Reader of Independent Auditor's Report:

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.



KONICA MINOLTA