

Consolidated Balance Sheet (March 31, 2025)

		Millions of Yen	Thousands of U.S. Dollars (Note 1)
ASSETS		2025	2024
CURRENT ASSETS:	Cash and cash equivalents (Note 14)	¥ 34,605	¥ 29,807
	Time deposits (Note 14)	1,540	1,697
	Receivables (Notes 14 and 19):		
	Trade notes	2,796	2,742
	Trade accounts and contract assets	47,545	51,966
	Unconsolidated subsidiaries and associated companies	1,378	1,329
	Other	333	1,381
	Allowance for doubtful receivables	(820)	(851)
	Inventories (Note 5)	77,019	76,812
	Prepaid expenses and other current assets	5,096	4,972
	Total current assets	169,492	169,855
PROPERTY, PLANT AND EQUIPMENT (Note 7):	Land	3,952	3,832
	Buildings and structures	30,462	29,732
	Machinery and equipment	7,385	6,494
	Tools, furniture, and fixtures	29,762	26,946
	Lease assets	4,680	3,835
	Construction in progress	1,183	387
	Total	77,424	71,226
	Accumulated depreciation	(53,316)	(48,710)
	Net property, plant and equipment	24,108	22,516
INVESTMENTS AND OTHER ASSETS:	Investment securities (Notes 3, 4, 7 and 14)	11,877	27,138
	Investments in and advances to unconsolidated subsidiaries and associated companies (Note 14)	2,892	2,464
	Software	804	880
	Software lease		15
	Goodwill (Notes 3 and 20)	912	599
	Deferred tax assets (Note 10)	8,500	3,699
	Other intangible assets	2,061	777
	Other assets	1,840	2,271
	Total investments and other assets	28,886	37,843
	TOTAL	¥ 222,486	¥ 230,214

See notes to consolidated financial statements.

		Millions of Yen	Thousands of U.S. Dollars (Note 1)
LIABILITIES AND EQUITY		2025	2024
CURRENT LIABILITIES:	Current portion of long-term borrowings (Notes 7 and 14)	¥ 4,414	¥ 6,943
	Current portion of long-term lease obligations (Notes 7 and 14)	575	490
	Payables (Note 14):		
	Trade notes	566	3,208
	Trade accounts	9,941	10,618
	Unconsolidated subsidiaries and associated companies	1,195	959
	Other	4,546	4,030
	Electronically recorded obligations	4,677	15,197
	Income taxes payable	6,040	5,693
	Contract liabilities (Note 19)	34,036	35,036
	Accrued bonuses to employees	2,156	2,030
	Other current liabilities	4,849	3,896
	Total current liabilities	72,995	88,100
LONG-TERM LIABILITIES:	Long-term borrowings (Notes 7 and 14)	3,170	7,584
	Long-term lease obligations (Notes 7 and 13)	1,127	765
	Deferred tax liabilities (Note 10)	223	220
	Liability for employees' retirement benefits (Note 8)	6,846	6,596
	Retirement allowances for directors, executive officers, and Audit & Supervisory Board members (Note 8)	51	20
	Board Incentive Plan allowances	665	652
	Asset retirement obligations	370	317
	Other long-term liabilities	386	446
	Total long-term liabilities	12,838	16,600
	COMMITMENTS AND CONTINGENT LIABILITIES (Notes 13, 15 and 16)		
EQUITY (Note 9):	Common stock—authorized, 100,000,000 shares; issued, 51,532,800 shares in 2025 and 2024	21,394	21,394
	Capital surplus	21,271	21,271
	Retained earnings	86,164	73,285
	Treasury stock—at cost, 393,904 shares in 2025 and 448,841 shares in 2024	(689)	(848)
	Accumulated other comprehensive income (loss):		
	Unrealized gain on available-for-sale securities	4,296	6,198
	Deferred loss on derivatives under hedge accounting	(1)	(151)
	Foreign currency translation adjustments	2,844	3,207
	Defined retirement benefit plans	1,374	1,158
	Total equity	136,653	125,514
	TOTAL	¥ 222,486	¥ 230,214

Consolidated Statement of Income (Year Ended March 31, 2025)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2025	2024	2025
NET SALES (Note 12)	¥ 196,695	¥ 174,337	\$ 1,315,688
COST OF SALES (Note 12)	104,297	95,052	697,643
Gross profit	92,398	79,285	618,045
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Notes 11 and 12)	56,896	51,754	380,576
Operating income	35,502	27,531	237,469
Interest and dividend income	479	397	3,201
Revenue from performance of research and development services	131	152	873
Insurance claim receipt	4	42	25
Subsidy income	20	1,333	134
Interest expense	(120)	(88)	(804)
Foreign exchange gain (loss)—net	(1,953)	600	(13,063)
Loss on sales of trade receivables	(3)	(2)	(17)
Loss on cancellation of insurance policies	(50)	(41)	(334)
Settlement payments		(41)	
Gain on sales and disposals of property, plant and equipment—net	17	144	117
Loss on write-down of investment securities (Note 3)	(12,381)	(125)	(82,817)
Equity in earnings of unconsolidated subsidiaries and associated companies	354	89	2,365
Gain on sales of investment securities	2,789	8	18,657
Gain on sales of shares of unconsolidated subsidiaries		25	
Stock issuance costs amortization	(16)	(38)	(106)
Gain on step acquisitions	112		752
Impairment loss		(604)	
Other—net	78	89	523
Other income (expenses)—net	(10,539)	1,940	(70,494)
INCOME BEFORE INCOME TAXES	24,963	29,471	166,975
INCOME TAXES (Note 10):			
Current	10,070	8,414	67,359
Deferred	(3,796)	(648)	(25,391)
Total income taxes	6,274	7,766	41,968
NET INCOME	18,689	21,705	125,007
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 18,689	¥ 21,705	\$ 125,007

	Yen		U.S. Dollars
	2025	2024	2025
PER SHARE OF COMMON STOCK (Notes 2.u and 17):			
Basic net income	¥ 365.56	¥ 424.93	\$ 2.45
Cash dividends applicable to the year	106.00	102.00	0.71

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income (Year Ended March 31, 2025)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2025	2024	2025
NET INCOME	¥ 18,689	¥ 21,705	\$ 125,007
OTHER COMPREHENSIVE INCOME (LOSS) (Note 18):			
Unrealized gain (loss) on available-for-sale securities	(1,902)	2,250	(12,724)
Deferred gain (loss) on derivatives under hedge accounting	150	(228)	1,002
Foreign currency translation adjustments	(399)	2,178	(2,667)
Defined retirement benefit plans	217	1,106	1,450
Share of other comprehensive income in unconsolidated subsidiaries and associated companies	35	88	237
Total other comprehensive income	(1,899)	5,394	(12,702)
COMPREHENSIVE INCOME	¥ 16,790	¥ 27,099	\$ 112,305
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥ 16,790	¥ 27,099	\$ 112,305
Noncontrolling interests			

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity (Year Ended March 31, 2025)

	Thousands	Millions of Yen								
	Number of Shares of Common Stock Issued	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)				Total Equity
						Unrealized Gain (Loss) on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	
BALANCE, MARCH 31, 2023	51,533	¥ 21,394	¥ 21,271	¥ 55,117	¥ (904)	¥ 3,948	¥ 77	¥ 941	¥ 52	¥ 101,896
Net income attributable to owners of the parent				21,705						21,705
Cash dividends, for prior year-end, ¥36 per share, and for current year interim, ¥33 per share				(3,547)						(3,547)
Purchase of treasury stock					(1)					(1)
Disposal of treasury stock					57					57
Change in scope of equity method				10						10
Net change in items other than shareholders' equity						2,250	(228)	2,266	1,106	5,394
BALANCE, MARCH 31, 2024	51,533	21,394	21,271	73,285	(848)	6,198	(151)	3,207	1,158	125,514
Net income attributable to owners of the parent				18,689						18,689
Cash dividends, for prior year-end, ¥69 per share, and for current year interim, ¥44 per share				(5,810)						(5,810)
Purchase of treasury stock					(1)					(1)
Disposal of treasury stock					160					160
Net change in items other than shareholders' equity						(1,902)	150	(363)	217	(1,899)
BALANCE, MARCH 31, 2025	51,533	¥ 21,394	¥ 21,271	¥ 86,164	¥ (689)	¥ 4,296	¥ (1)	¥ 2,844	¥ 1,374	¥ 136,653

	Thousands of U.S. Dollars (Note 1)								
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)				Total Equity
					Unrealized Gain (Loss) on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	
BALANCE, MARCH 31, 2024	\$ 143,105	\$ 142,283	\$ 490,197	\$ (5,671)	\$ 41,459	\$ (1,011)	\$ 21,453	\$ 7,743	\$ 839,558
Net income attributable to owners of the parent			125,007						125,007
Cash dividends, for prior year-end, \$0.46 per share, and for current year interim, \$0.29 per share			(38,860)						(38,860)
Purchase of treasury stock				(8)					(8)
Disposal of treasury stock				1,072					1,072
Net change in items other than shareholders' equity					(12,724)	1,002	(2,430)	1,450	(12,702)
BALANCE, MARCH 31, 2025	\$ 143,105	\$ 142,283	\$ 576,344	\$ (4,607)	\$ 28,735	\$ (9)	\$ 19,023	\$ 9,193	\$ 914,067

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows (Year Ended March 31, 2025)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2025	2024	2025
Income before income taxes	¥ 24,963	¥ 29,471	\$ 166,975
Adjustments for:			
Income taxes—paid	(9,772)	(7,184)	(65,366)
Depreciation and amortization	4,925	4,651	32,945
Amortization of goodwill	253	97	1,693
Gain on sales and disposals of property, plant and equipment—net	(17)	(144)	(117)
Loss on write-down of investment securities	12,381	125	82,817
Gain on sales of investment securities	(2,789)	(8)	(18,657)
Gain on sales of shares of unconsolidated subsidiaries		(25)	
Gain on step acquisitions	(112)		(752)
Increase (decrease) in contract liabilities	(1,422)	2,998	(9,515)
Subsidy income	(20)	(1,333)	(134)
Impairment loss		604	
Equity in earnings of unconsolidated subsidiaries and associated companies	(354)	(89)	(2,365)
Changes in assets and liabilities:			
Decrease (increase) in trade notes and accounts receivable	4,424	(4,169)	29,590
Decrease (increase) in inventories	2,234	(7,559)	14,940
Decrease in trade notes and accounts payable	(13,856)	(3,972)	(92,679)
Increase in provision for accrued bonuses to employees	94	142	631
Increase (decrease) in liability for employees' retirement benefits	146	(89)	974
Increase in retirement allowances for directors, executive officers, and Audit & Supervisory Board members	182	183	1,219
Other—net	1,845	1,602	12,346
Total adjustments	(1,858)	(14,170)	(12,430)
Net cash provided by operating activities	23,105	15,301	154,545
Decrease in time deposits—net	136	744	908
Proceeds from sales of investment securities	3,041	13	20,342
Payment for purchases of investment securities		(15,736)	
Proceeds from sale of shares in consolidated subsidiaries		25	
Payment for purchase of shares in consolidated subsidiaries		(22)	
Proceeds from sales of property, plant and equipment	96	212	643
Payment for purchases of property, plant and equipment	(2,960)	(3,243)	(19,801)
Payment for purchases of intangible assets	(1,304)	(233)	(8,721)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(637)		(4,264)
Proceeds from collection of long-term loans receivable	3		18
Payments for acquisition of businesses	(150)		(1,003)
Other—net	919	211	6,153
Net cash used in investing activities	(856)	(18,029)	(5,725)
Net decrease in short-term borrowings	(3,900)		(26,087)
Proceeds from long-term bank loans		8,000	
Repayments of long-term borrowings	(6,943)	(4,740)	(46,442)
Payment for redemption of bonds		(204)	
Purchase of treasury stock	(1)	(1)	(8)
Cash dividends paid	(5,797)	(3,542)	(38,777)
Other—net	(475)	(311)	(3,177)
Net cash used in financing activities	(17,116)	(798)	(114,491)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(335)	1,328	(2,237)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,798	(2,198)	32,092
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	29,807	32,005	199,380
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 34,605	¥ 29,807	\$ 231,472

See notes to consolidated financial statements.

Additional Information

Acquisition of Japan Superconductor Technology, Inc. (Note 21)
Reconciliation of the net cash provided by the investment in Japan Superconductor Technology, Inc. is as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2025	2025
Current assets	¥ 5,298	\$ 35,439
Fixed assets	246	1,643
Goodwill	472	3,159
Intangible assets	353	2,361
Current liabilities	(5,100)	(34,112)
Long-term liabilities	(514)	(3,440)
Acquisition cost	755	5,050
Gain on step acquisitions	(112)	(752)
Acquisition cost of the newly consolidated subsidiary through additional share acquisition	643	4,298
Cash and cash equivalents	(6)	(34)
Net cash paid for acquisition of Japan Superconductor Electron Solutions, Inc.	¥ 637	\$ 4,264

See notes to consolidated financial statements.

1 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of IFRS Accounting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which JEOL Ltd. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥149.5 to \$1, the approximate rate of exchange at March 31, 2025. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation

The consolidated financial statements as of March 31, 2025, include the accounts of the Company and its 22 (20 in 2024) significant subsidiaries (together, the "Group").

Japan Superconductor Technology, Inc. was made a consolidated subsidiary as a result of the additional acquisition of its shares on January 6, 2025.

JEOL HOLDING EUROPE SAS. is included in the consolidation scope because it was newly established on January 28, 2025.

Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in 9 (9 in 2024) unconsolidated subsidiaries and 2 (2 in 2024) associated companies are accounted for by the equity method.

Goodwill represents the excess of the fair value of the net assets of the acquired subsidiaries at the date of acquisition over their cost.

Goodwill is amortized on a straight-line basis within 10 years, with the exception of minor amounts which are charged to income when incurred.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

b. Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements

Under Accounting Standards Board of Japan ("ASBJ") Practical Issues Task Force ("PITF") No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements," the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under

similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either IFRS Accounting Standards or generally accepted accounting principles in the United States of America (Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC)) tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of research and development ("R&D"); (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; and (e) recording a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price, and recording impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument, where a foreign subsidiary elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

c. Unification of Accounting Policies Applied to Foreign Associated Companies for the Equity Method

ASBJ Statement No. 16, "Accounting Standard for Equity Method of Accounting for Investments," requires adjustments to be made to conform associates' accounting policies for similar transactions and events under similar circumstances to those of the parent company when the associates' financial statements are used in applying the equity method, unless it is impracticable to determine such adjustments. In addition, financial statements prepared by foreign associated companies in accordance with either IFRS Accounting Standards or generally accepted accounting principles in the United States of America tentatively may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; and (e) recording a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price, and recording impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument, where a foreign associate elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

d. Business Combinations

Business combinations are accounted for using the purchase method. Acquisition-related costs, such as advisory fees or professional fees, are accounted for as expenses in the periods in which the costs are

incurred. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date. The acquirer recognizes any bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase price allocation. A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of noncontrolling interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Any difference between the fair value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted is accounted for as capital surplus as long as the parent retains control over its subsidiary.

e. Cash Equivalents

Cash equivalents are short-term investments that are readily convertible into cash and exposed to insignificant risk of changes in value.

Cash equivalents include time deposits and securities which mature or become due within three months of the date of acquisition.

f. Inventories

Finished products are mainly stated at the lower of cost, determined by the moving average cost method, or net selling value. Finished products of consolidated foreign subsidiaries are stated at the lower of cost, determined by the specific identification method, or net selling value. Work in process is mainly stated at the lower of cost, determined by the specific identification method, or net selling value.

Raw materials and supplies are stated at cost, determined by the moving-average cost method, or net selling value.

g. Investment Securities

All securities are classified as available-for-sale securities and are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The cost of securities sold is determined based on the moving-average method.

Nonmarketable available-for-sale equity securities are stated at cost determined by the moving-average method. For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

Effective April 1, 2021, the Company applied ASBJ Statement No. 30, "Accounting Standard for Fair Value Measurement" and ASBJ Guidance No. 31, "Implementation Guidance on Accounting Standard for Fair Value Measurement," and revised related ASBJ Statements and ASBJ Guidance (the "New Accounting Standards"). Under the New Accounting Standards, nonmarketable available-for-sale equity securities are stated at cost, while under the previous accounting standards, nonmarketable available-for-sale securities are stated at cost. The Company applied the New Accounting Standards prospectively.

h. Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its consolidated domestic subsidiaries is computed by the declining-balance method based on the estimated useful lives of the assets, while the straight-line method is applied to all property, plant and equipment of consolidated foreign subsidiaries. The range of useful lives is from 7 to 50 years for buildings and structures and from 2 to 20 years for tools, furniture, and fixtures.

Lease assets are depreciated by the straight-line method over their respective lease periods. The useful lives for lease assets are based on the terms of the respective leases.

i. Long-Lived Assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

Accumulated depreciation includes the accumulated amounts of impairment losses.

j. Software

Software development costs for internal use are deferred at cost less accumulated amortization, which is calculated by the straight-line method over the estimated useful lives (five years).

k. Stock Issue Costs

Stock issue costs are amortized to income by the straight-line method over three years in accordance with ASBJ PITF No. 19, "Tentative Solution on Accounting for Deferred Assets," which was issued by the ASBJ in August 2006.

l. Retirement and Pension Plans

The Company accounts for the liability for retirement benefits based on the projected benefit obligations and plan assets at the consolidated balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis. Actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income) after adjusting for tax effects and are recognized in profit or loss over 12 years and 11 to 12 years, respectively, no longer than the expected average remaining service period of the employees. The discount rate is determined using a single weighted-average discount rate reflecting the estimated timing and amount of benefit payment.

m. Asset Retirement Obligations

An asset retirement obligation is recorded for a legal obligation imposed either by law or contract that results from the acquisition, construction, development, and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset

retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

n. Revenues Recognitions

The Group recognizes revenue under the following five-step approach for contracts with customers.

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) the entity satisfies a performance obligation

For details of the criteria for revenue recognition, see Note 19, "Revenues Recognition."

o. R&D

R&D costs are charged to income as incurred.

p. Leases

Finance lease transactions are capitalized to recognize lease assets and lease obligations in the consolidated balance sheet.

The Company applied the revised accounting standard effective April 1, 2008. In addition, the Company continues to account for leases that existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.

All other leases are accounted for as operating leases.

q. Income Taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

r. Foreign Currency Transactions

All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the consolidated balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by forward exchange contracts.

s. Foreign Currency Financial Statements

The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the consolidated balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" under

accumulated other comprehensive income in a separate component of equity. Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.

t. Derivatives and Hedging Activities

The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange and interest rates. Foreign exchange forward contracts and interest rate swaps are utilized by the Group to reduce foreign currency exchange and interest rate risks. The Group does not enter into derivatives for trading or speculative purposes.

Gains or losses on derivatives used for hedging purposes, if qualified for hedge accounting because of a high correlation and effectiveness between the hedging instruments and the hedged items, are deferred until maturity of the hedged transactions.

Forward contracts applied to forecasted (or committed) transactions are also measured at fair value but the unrealized gains/losses are deferred until the underlying transactions are completed.

Interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements is recognized and included in interest expense.

u. Per Share Information

Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period.

For the years ended March 31, 2025 and 2024, diluted net income per share is not disclosed because the Company no longer has convertible securities.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the year.

v. Accounting Changes and Error Corrections

Under ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections," and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections," accounting treatments are required as follows: (1) Changes in Accounting Policies—When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions. (2) Changes in Presentation—When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates—A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors—When an error in prior-period financial statements is discovered, such financial statements are restated.

w. New Accounting Pronouncements

Accounting Standard for Leases (ASBJ Statement No. 34, September 13, 2024 by the Accounting Standards Board of Japan)

Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33, September 13, 2024 by the Accounting Standards Board of Japan), etc.

(1) Outline

As part of its efforts to align Japanese accounting standards with international standards, the Accounting Standards Board of Japan (ASBJ) has deliberated, based on international accounting standards, on the development of a new lease accounting standard under which lessees recognize assets and liabilities for all leases. The fundamental policy of the new standard is to adopt a single accounting model based on IFRS 16. However, instead of incorporating all of the requirements of IFRS 16, the standard adopts only its principal provisions, with the aim of creating a simplified and practical framework. This approach ensures that the use of IFRS 16 in non-consolidated financial statements generally does not require material adjustments.

Under the lessee accounting model, similar to IFRS 16, all leases—regardless of whether they are classified as finance leases or operating leases—are accounted for using a single model in which lessees recognize depreciation of right-of-use assets and interest expenses on lease liabilities.

(2) Date of application

The Company plans to apply the accounting standards, etc. from the beginning of the fiscal year ending March 31, 2028.

(3) Impact of the application of the accounting standards, etc.

The impact of applying the "Accounting Standard for Leases" and related guidance on the consolidated financial statements is currently under evaluation.

x. Change In Accounting Policy

Application of the Accounting Standard for Corporate Income Taxes, Inhabitant Taxes, and Enterprise Taxes.

Effective from the beginning of the current consolidated fiscal year, the Company has applied the "Accounting Standard for Corporate Income Taxes, Inhabitant Taxes, and Enterprise Taxes" (ASBJ Statement No. 27, issued on October 28, 2022; the "2022 Revised Accounting Standard") and other related standards.

Regarding the revised accounting treatment for the classification of income taxes (specifically, taxation on other comprehensive income), the Company has applied the transitional measures prescribed in the proviso to paragraph 20-3 of the 2022 Revised Accounting Standard, as well as the proviso to paragraph 65-2(2) of the "Implementation Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, issued on October 28, 2022; the "2022 Revised Implementation Guidance"). The adoption of these changes had no impact on the consolidated financial statements for the current fiscal year.

In addition, the Company has applied the 2022 Revised Implementation Guidance from the beginning of the current consolidated fiscal year in relation to the revised accounting treatment of deferred tax effects arising from the sale of shares of subsidiaries within the consolidated group. This change has been applied retrospectively, and the comparative consolidated financial statements for the previous fiscal year reflect this change. However, the adoption of this policy had no impact on the consolidated financial statements for the prior fiscal year.

3 SIGNIFICANT ACCOUNTING ESTIMATES

a. Evaluation of Goodwill and Other Intangible Assets

(1) Carrying amounts

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Goodwill	¥ 912	¥ 599	\$ 6,099
Other intangible assets —Customer relationships	718	486	4,801

(2) Information on the accounting estimate

Goodwill and other intangible assets at March 31, 2025, were recognized as a result of the acquisition of Japan Superconductor Technology, Inc. and JEOL KOREA LTD. It was also recognized as a result of transfer of part of the business from JEOL KOREA LTD. to JEOL SEMICONDUCTORS KOREA Co., Ltd. Estimated excess earning power and economic benefits are based on the future business plan and they are still kept at the end of the fiscal year. However, if there is an unpredictable change in the assumption of sales orders and sales volume on the research and development budgets of government agencies and trends in capital investment of companies used in future business based plans, it may have a significant impact on the amount to be recognized in the consolidated financial statements for the next fiscal year.

b. Valuation of Nonmarketable securities

(1) Carrying amounts

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Nonmarketable securities	¥ 4,234	¥ 10,582	\$ 28,324
Loss on write-down of investment securities	12,381	125	82,817

(2) Information on the accounting estimate

Nonmarketable securities are stated at acquisition cost on the consolidated balance sheet. The Group makes certain investments at prices significantly higher than the net asset value per share, taking into account excess earning power and other factors. These investments are made in selected investees that are expected to contribute to the enhancement of corporate value over the medium to long term, from the perspective of building stable business relationships and strategic importance. For the valuation of such nonmarketable securities , the Group compares the actual performance of the investees against the business plans formulated at the time of investment. It then assesses whether excess earning power and other advantages can continue to be expected in future periods. If it is determined that such benefits can no longer be expected, the Group calculates the fair value based on the updated business plans of the investees. When the calculated fair value falls below 50% of the acquisition cost, the investment is written down to its fair value, and the difference is recognized as a valuation loss on investment securities.

(3) Key Assumptions Used in the Measurement of Amounts Recognized in the Consolidated Financial Statements for the Current Fiscal Year

The primary assumption used in the valuation of nonmarketable securities is the sales volume, which forms the basis of the revenue in the investees' business plans.

(4) Potential Impact on the Consolidated Financial Statements for the Following Fiscal Year

The valuation of nonmarketable securities may be affected by changes in the business environment of the investees, and such changes could impact the consolidated financial statements for the following fiscal year.

4 INVESTMENT SECURITIES

Investment securities as of March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Noncurrent:			
Marketable equity securities	¥ 7,642	¥ 10,555	\$ 51,115
Nonmarketable securities	4,234	16,582	28,324
Capital contribution securities (non-marketable)	1	1	6
Total	¥ 11,877	¥ 27,138	\$ 79,445

The costs and aggregate fair values of investment securities at March 31, 2025 and 2024, were as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2025				
Securities classified as available-for-sale equity securities	¥ 1,509	¥ 6,136	¥3	¥ 7,642
March 31, 2024				
Securities classified as available-for-sale equity securities	¥ 1,760	¥ 8,795		¥ 10,555

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2025				
Securities classified as available-for-sale equity securities	\$ 10,089	\$ 41,044	\$ 18	\$ 51,115

The information for available-for-sale securities which were sold during the years ended March 31, 2025 and 2024, was as follows:

	Millions of Yen		
	Proceeds	Realized Gains	Realized Loss
March 31, 2025			
Available-for-sale—Equity securities	¥ 3,041	¥ 2,789	

	Millions of Yen		
	Proceeds	Realized Gains	Realized Loss
March 31, 2024			
Available-for-sale—Equity securities	¥ 13	¥ 8	

	Thousands of U.S. Dollars		
	Proceeds	Realized Gains	Realized Loss
March 31, 2025			
Available-for-sale—Equity securities	\$ 20,342	\$ 18,657	

The Company recognizes impairment loss for the full amount of securities when the fair value declines below 50% of the acquisition cost and for amounts deemed necessary after consideration of recoverability when the fair value declines by 30% to 50% of the acquisition cost.

In addition, with respect to nonmarketable securities, an impairment loss is recognized when their fair value has significantly declined due to a deterioration in the issuer's financial condition, taking into consideration the recoverability and other relevant factors.

The impairment loss on available for sale equity securities for the year ended March 31, 2025, is ¥12,381 million (\$82,817 thousand).

The impairment loss on available for sale equity securities for the year ended March 31, 2024, is ¥125 million (\$822 thousand).

5 INVENTORIES

Inventories at March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Finished products	¥ 15,933	¥ 16,714	\$ 106,575
Work in process	55,599	54,336	371,903
Raw materials and supplies	5,487	5,762	36,698
Total	¥ 77,019	¥ 76,812	\$ 515,176

6 IMPAIRMENT LOSS

The Group recorded impairment loss as follows:

There was no impairment loss on goodwill and intangible assets for the year ended March 31, 2025.

For the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

Location	Classification	Millions of Yen
Integrated Dynamic	Lease assets and others	¥ 134
Electron Solutions, Inc. (Pleasanton, CA, U.S.A.)	Intangible assets	470

Intangible assets were recorded on the premise of excess earning power when acquiring shares of the consolidated subsidiary Integrated Dynamic Electron Solutions, Inc. However, the business performance was below the original business plan and as a result of reviewing the future recoverability of the intangible assets, the entire amount of the intangible assets was recorded as impairment loss. Also, as a result of re-evaluating the future recoverability of the business assets, the recoverable amount was found to be below the book value. Thus, the entire amount of business assets was recorded as impairment loss.

7 LONG-TERM DEBT

Long-term debt at March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Loans from banks and insurance companies, due serially to 2027 with interest rates ranging from 0.31% to 0.79% (2025) and from 0.31% to 0.79% (2024):			
Collateralized	¥ 4,005	¥ 6,850	\$ 26,788
Unsecured	3,579	7,677	23,942
Lease obligations	1,702	1,255	11,384
Total	9,286	15,782	62,114
Less current portion	(4,989)	(7,433)	(33,369)
Long-term debt, less current portion	¥ 4,297	¥ 8,349	\$ 28,745

Annual maturities of long-term debt, excluding finance leases (see Note 13), at March 31, 2025, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2026	¥ 4,414	\$ 29,524
2027	2,820	18,865
2028	350	2,341
2029		
2030		
2031 and thereafter		
Total	¥ 7,584	\$ 50,730

There were no carrying amounts of assets pledged as collateral for short-term bank loans at March 31, 2025 and 2024. The carrying amounts of assets pledged as collateral for current portion of long-term borrowings of ¥2,051 million (\$13,718 thousand) and ¥2,818 million, and long-term borrowings of ¥1,954 million (\$13,070 thousand) and ¥4,032 million at March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Land	¥ 535	¥ 535	\$ 3,581
Buildings and structures—net of accumulated depreciation	3,012	2,584	20,148
Machinery and equipment—net of accumulated depreciation	1	1	4
Investment securities	3,246	4,406	21,709
Total	¥ 6,794	¥ 7,526	\$ 45,442

In addition to the above loan balances, in order to increase liquidity, the Company entered into a committed loan facility agreement for an aggregated amount of ¥9,000 million (\$60,201 thousand), with a syndicate of six Japanese banks, arranged by MUFG Bank, Ltd. The details of this agreement at March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Total amount of commitment line contract	¥ 9,000	¥ 9,000	\$ 60,201
Net	¥ 9,000	¥ 9,000	\$ 60,201

The committed loan facility agreement includes financial covenants with which the Company is in compliance. The financial covenants are as follows. As of March 31, 2025, there is no infringement of the debt covenants.

- (a) The amount of the Group's net assets at the end of the fiscal year
- (b) The amount of the Group's net assets at the end of the previous fiscal year
- (c) The amount of the Group's net assets at the end of the fiscal year 2011—¥14,388 million
- (a) must not fall below 75% of the larger of (b) or (c).

8 RETIREMENT AND PENSION PLANS

The Company and certain consolidated subsidiaries have severance payment plans for employees, directors, executive officers, and Audit & Supervisory Board members. Furthermore, certain consolidated foreign subsidiaries have pension plans for some time and the Company and certain domestic subsidiaries have selective defined contribution pension plans in the fiscal year 2022.

Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service, and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from certain consolidated subsidiaries and annuity payments from a trustee. Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death, or by voluntary retirement at certain specific ages prior to the mandatory retirement age.

The liability for retirement benefits at March 31, 2025 and 2024, for directors and Audit & Supervisory Board members is ¥51 million (\$342 thousand) and ¥20 million, respectively. The retirement benefits for directors and Audit & Supervisory Board members are paid subject to the approval of the shareholders.

- (1) The changes in defined benefit obligation for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Balance at beginning of year	¥ 19,338	¥ 19,162	\$ 129,350
Current service cost	1,127	1,117	7,536
Interest cost	160	159	1,073
Actuarial (gains) losses	19	(90)	129
Benefits paid	(1,080)	(1,041)	(7,226)
Others	(22)	31	(144)
Balance at end of year	¥ 19,542	¥ 19,338	\$ 130,718

- (2) The changes in plan assets for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Balance at beginning of year	¥ 13,074	¥ 11,686	\$ 87,450
Expected return on plan assets	243	218	1,627
Actuarial (gains) losses	(144)	936	(964)
Contributions from the employer	867	864	5,802
Benefits paid	(621)	(636)	(4,153)
Others	(11)	6	(77)
Balance at end of year	¥ 13,408	¥ 13,074	\$ 89,685

- (3) The changes in liability for retirement benefits under the simplified method for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Balance at beginning of year	¥ 332	¥ 285	\$ 2,218
Beginning balances of newly consolidated subsidiaries	327		2,189
Net periodic benefit costs	62	49	419
Benefits paid	(9)	(2)	(63)
Balance at end of year	¥ 712	¥ 332	\$ 4,763

- (4) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Funded defined benefit obligation	¥ 19,270	¥ 19,079	\$ 128,893
Plan assets	(13,408)	(13,074)	(89,685)
Total	5,862	6,005	39,208
Unfunded defined benefit obligation	984	591	6,588
Net liability arising from defined benefit obligation	¥ 6,846	¥ 6,596	\$ 45,796

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Liability for retirement benefits	¥ 6,846	¥ 6,596	\$ 45,796
Net liability arising from defined benefit obligation	¥ 6,846	¥ 6,596	\$ 45,796

- (5) The components of net periodic benefit costs for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Service cost	¥ 1,127	¥ 1,117	\$ 7,536
Interest cost	160	159	1,073
Expected return on plan assets	(243)	(218)	(1,627)
Recognized actuarial losses	49	80	333
Benefit costs accounted for by the simplified method	63	49	418
Net periodic benefit costs	¥ 1,156	¥ 1,187	\$ 7,733

- (6) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Actuarial (gains) losses	¥ (114)	¥ 1,106	\$ (761)
Total	¥ (114)	¥ 1,106	\$ (761)

- (7) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Unrecognized actuarial gains	¥ (1,044)	¥ (1,158)	\$ (6,981)
Total	¥ (1,044)	¥ (1,158)	\$ (6,981)

- (8) Plan assets

a. Components of plan assets

Plan assets as of March 31, 2025 and 2024, consisted of the following:

	2025	2024
Debt investments	17%	16%
Equity investments	32	33
Cash and cash equivalents	1	1
General account	45	45
Others	5	5
Total	100%	100%

b. Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined based on current and future long-term rates of return from various components of the plan assets.

- (9) Assumptions used for the years ended March 31, 2025 and 2024, are set forth as follows:

	2025	2024
Discount rate	0.8%	0.8%
Expected rate of return on plan assets	1.9	1.9

- (10) Defined contribution plans

Retirement benefit costs of defined contribution plans as of March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Retirement benefit costs of defined contribution plans	¥ 604	¥ 692	\$ 4,042

9 EQUITY

Japanese companies are subject to the Companies Act of Japan (the “Companies Act”). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally, for companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the Company has prescribed so in its articles of incorporation. However, the Company does not meet all the above criteria.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the Company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve, and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends, until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

d. Share Consolidation

Based on the resolution at the general meeting of shareholders held on June 17, 2018, the Company consolidated its shares at a rate of one share for every two shares and changed the number of its shares constituting one unit from 1,000 shares to 100 shares effective October 1, 2018.

10 INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 30.6% for the years ended March 31, 2025 and 2024.

The tax effects of significant temporary differences and tax loss

carryforwards which resulted in deferred tax assets and liabilities at March 31, 2025 and 2024, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Deferred tax assets:			
Allowance for doubtful receivables	¥ 337	¥ 209	\$ 2,258
Accrued bonuses to employees	630	567	4,211
R&D costs	1,222	1,121	8,176
Accrued enterprise taxes	387	346	2,585
Loss on write-down of inventories	692	584	4,626
Unrealized intercompany profits of inventories	1,899	1,719	12,703
Property, plant and equipment	647	549	4,325
Amortization of software	1,086	1,051	7,265
Impairment loss	40	44	270
Loss on write-down of investment securities	3,970	116	26,558
Liability for employees' retirement benefits	3,015	2,417	20,165
Tax loss carryforwards	94	44	631
Retirement allowances for directors, executive officers, and Audit & Supervisory Board members	17	23	111
Other	2,005	1,962	13,414
Less valuation allowance	(4,325)	(3,339)	(28,927)
Total	11,716	7,413	78,371
Deferred tax liabilities	(3,216)	(3,714)	(21,512)
Net deferred tax assets	¥ 8,500	¥ 3,699	\$ 56,859
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	¥ (1,837)	¥ (2,597)	\$ (12,291)
Undistributed earnings of associated companies	(537)	(527)	(3,592)
Other	(1,065)	(810)	(7,124)
Total	(3,439)	(3,934)	(23,007)
Deferred tax assets	3,216	3,714	21,512
Net deferred tax liabilities	¥ (223)	¥ (220)	\$ (1,495)

Note:The valuation allowance increased by ¥986 million (\$6,593 thousand).The primary factors for the change were an increase due to loss on write down of investment securities and a decrease resulting from a reclassification of corporate categories.

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the year ended March 31, 2025, with the corresponding figures for 2024, is as follows:

	2025	2024
Normal effective statutory tax rate	30.6%	30.6%
Impairment loss		
Expenses not deductible for income tax purposes	0.8	1.3
Inhabitant tax on per capita basis	0.2	0.1
Unrealized intercompany profits	(0.0)	0.1
Difference in tax rates of foreign subsidiaries	(0.6)	(0.8)
Foreign tax credit	0.4	0.2
Tax credit	(7.6)	(5.6)
Less valuation allowance	4.2	1.4
Other—net	(2.9)	(1.0)
Actual effective tax rate	25.1%	26.3%

Following the enactment of the “Act Partially Amending the Income Tax Act and Other Laws” (Act No. 13 of 2025) by the National Diet on March 31, 2025, a new “Defense Special Corporate Tax” will be imposed starting from

the consolidated fiscal year beginning on or after April 1, 2026.

As a result, for temporary differences expected to be reversed in or after the fiscal year beginning April 1, 2026, deferred tax assets and liabilities have been calculated using a revised statutory effective tax rate of 31.5%, instead of the previous 30.6%.

The impact of this change is immaterial.

11 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Depreciation and amortization, R&D costs, net periodic retirement benefit costs, and amortization of goodwill for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Depreciation and amortization	¥ 1,816	¥ 1,750	\$ 12,148
R&D costs	11,978	10,265	80,122
Net periodic retirement benefit costs	504	510	3,372
Amortization of goodwill	253	97	1,693

12 RELATED-PARTY DISCLOSURES

Transactions of the Group with unconsolidated subsidiaries and associated companies for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Sales	¥ 3,688	¥ 2,451	\$ 24,672
Purchases	3,570	2,291	23,878
Selling, general and administrative expenses	2,236	2,291	14,956

13 LEASES

The Group leases certain machinery, computer equipment, office space, and other assets.

Total rental expenses including lease payments under finance leases for the years ended March 31, 2025 and 2024, were ¥2,156 million (\$14,422 thousand) and ¥2,122 million, respectively.

Obligations under finance leases and future minimum payments under noncancelable operating leases were as follows:

	Millions of Yen				Thousands of U.S. Dollars	
	2025		2024		2025	
	Finance Leases	Operating Leases	Finance Leases	Operating Leases	Finance Leases	Operating Leases
Due within one year	¥ 575	¥ 18	¥ 490	¥ 12	\$ 3,845	\$ 117
Due after one year	1,127	37	765	17	7,539	248
Total	¥ 1,702	¥ 55	¥ 1,255	¥ 29	\$ 11,384	\$ 365

14 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group Policy for Financial Instruments

The Group uses financial instruments, mainly long-term debt including borrowings, to finance capital investment for scientific instruments and industrial equipment. Cash surpluses, if any, are invested in low-risk financial assets. Borrowings are used to fund the Company's ongoing operations. Derivatives are not used for speculative purposes, but to manage exposure to financial risks as described in (2) below.

(2) Nature and Extent of Risks and Risk Management for Financial Instruments

Receivables, such as trade notes and trade accounts, are exposed to customer credit risk. Although receivables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, the position, net of payables in foreign currencies, is hedged by using forward foreign currency contracts. Investment securities, mainly equity instruments of customers and suppliers of the Group, are exposed to the risk of market price fluctuations.

Payment terms of payables, such as trade notes and trade accounts, are less than one year.

Maturities of borrowings and lease obligations are less than five years after the consolidated balance sheet date. Although a part of such borrowings is exposed to market risks from changes in variable interest rates, those risks are mitigated by using derivatives of interest rate swaps.

Derivatives mainly include forward foreign currency contracts and interest rate swaps, which are used to manage exposure to market risks from changes in foreign currency exchange rates of receivables and from changes in interest rates of borrowings.

Derivative transactions entered into by the Group have been made in accordance with internal policies which regulate the authorization and credit limit amount. Please see Note 15 for more details about derivatives.

(3) Fair Values of Financial Instruments

Fair values of financial instruments are as follows: Investments in equity instruments that do not have a quoted market price in an active market are not included in the following table. The fair values of cash and cash equivalents, trade notes, trade accounts, electronically recorded obligations and short-term bank loans are not disclosed because their maturities are short and the carrying values approximate fair value. Also, please see Note 15 for the details of fair value for derivatives.

(a) Fair value of financial instruments

	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
March 31, 2025			
Investment securities	¥ 7,642	¥ 7,642	
Total	¥ 7,642	¥ 7,642	
Long-term debt	¥ 7,584	¥ 7,528	¥ (56)
Total	¥ 7,584	¥ 7,528	¥ (56)

	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
March 31, 2024			
Investment securities	¥ 10,555	¥ 10,555	
Total	¥ 10,555	¥ 10,555	
Long-term debt	¥ 14,527	¥ 14,499	¥ (28)
Total	¥ 14,527	¥ 14,499	¥ (28)

	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
March 31, 2025			
Investment securities	\$ 51,115	\$ 51,115	
Total	\$ 51,115	\$ 51,115	
Long-term debt	\$ 50,730	\$ 50,353	\$ (377)
Total	\$ 50,730	\$ 50,353	\$ (377)

(b) Carrying amount of financial instruments whose fair values cannot be reliably determined

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Investments in equity instruments that do not have a quoted market price in an active market	¥ 7,127	¥ 19,047	\$ 47,675

(4) Maturity Analysis for Financial Assets and Securities with Contractual Maturities

	Millions of Yen
	Due in 1 Year or Less
March 31, 2025	
Cash and cash equivalents	¥ 34,605
Time deposits	1,540
Receivables	51,232
Total	¥ 87,377

	Millions of Yen
	Due in 1 Year or Less
March 31, 2024	
Cash and cash equivalents	¥ 29,807
Time deposits	1,697
Receivables	56,567
Total	¥ 88,071

	Thousands of U.S. Dollars
	Due in 1 Year or Less
March 31, 2025	
Cash and cash equivalents	\$ 231,472
Time deposits	10,300
Receivables	342,687
Total	\$ 584,459

Please see Note 7 for annual maturities of long-term debt and Note 13 for obligations under finance leases.

(5) Financial Instruments Categorized by Fair Value Hierarchy

The fair value of financial instruments is categorized into the following three levels, depending on the observability and significance of the inputs used in making fair value measurements:

Level 1: Fair values measured by using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair values measured by using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3: Fair values measured by using unobservable inputs for the assets or liabilities.

If multiple inputs are used that have a significant impact on the measurement of fair value, fair value is categorized at the lowest level in the fair value measurement among the levels to which each of these inputs belongs.

(a) The financial assets and liabilities measured at the fair values in the consolidated balance sheet

	Millions of Yen			
	Level 1	Level 2	Level 3	Total
March 31, 2025				
Investment securities	¥ 7,642			¥ 7,642
Total assets	¥ 7,642			¥ 7,642
Derivative transactions		¥ 2		¥ 2
Total liabilities		¥ 2		¥ 2

	Millions of Yen			
	Level 1	Level 2	Level 3	Total
March 31, 2024				
Investment securities	¥ 10,555			¥ 10,555
Total assets	¥ 10,555			¥ 10,555
Derivative transactions		¥ 218		¥ 218
Total liabilities		¥ 218		¥ 218

Thousands of U.S. Dollars				
March 31, 2025	Level 1	Level 2	Level 3	Total
Investment securities	\$ 51,115			\$ 51,115
Total assets	\$ 51,115			\$ 51,115
Derivative transactions		\$ 13		\$ 13
Total liabilities		\$ 13		\$ 13

(b) The financial assets and liabilities not measured at the fair values in the consolidated balance sheet

Millions of Yen				
March 31, 2025	Level 1	Level 2	Level 3	Total
Long-term debt		¥ 7,528		¥ 7,528

Millions of Yen				
March 31, 2024	Level 1	Level 2	Level 3	Total
Long-term debt		¥ 14,499		¥ 14,499

Thousands of U.S. Dollars				
March 31, 2025	Level 1	Level 2	Level 3	Total
Long-term debt		\$ 50,353		\$ 50,353

The following is a description of valuation methodologies and inputs used for measurement of the fair value of assets and liabilities:

Investment Securities

The fair values of investment securities are measured at the quoted market price. Since listed equity securities are traded in active markets, the fair values of listed equity securities are categorized as Level 1.

Derivatives

The fair values of interest rate swaps and foreign currency forward contracts are measured by using discounted present value techniques considering observable inputs such as interest rates and foreign currency exchange rate, and are categorized as Level 2.

Long-Term Debt

The fair values of long-term debt are measured by using discounted present value techniques considering assumptions including expected future cash flows and discount rates taking into account maturity and credit risk, and are categorized as Level 2.

15 DERIVATIVES

The Group enters into foreign currency forward contracts to hedge exchange rate risk associated with certain assets denominated in foreign currencies. The Group also enters into interest rate swap contracts to manage its interest rate exposures on certain liabilities.

All derivative transactions are entered into to hedge interest and foreign currency exchange rate risk exposures arising from the Group's ordinary business activities.

Because the counterparties to these derivatives are limited to major international financial institutions, the Group does not anticipate any losses arising from credit risk.

With respect to derivative transactions, basic policies are decided by the Board of Directors. Derivative transactions are executed within the necessary range and managed by the financial affairs division.

Derivative Transactions to Which Hedge Accounting Is Applied

Millions of Yen				
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
March 31, 2025				
Foreign currency forward contracts—Selling USD	Receivables	¥ 4,173		¥ (2)
Interest rate swaps (fixed rate payment, floating rate receipt)	Long-term debt	76		

Millions of Yen				
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
March 31, 2024				
Foreign currency forward contracts—Selling USD	Receivables	¥ 6,404		¥ (218)
Interest rate swaps (fixed rate payment, floating rate receipt)	Long-term debt	316	¥ 76	

Thousands of U.S. Dollars				
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
March 31, 2025				
Foreign currency forward contracts—Selling USD	Receivables	\$ 27,915		\$ (13)
Interest rate swaps (fixed rate payment, floating rate receipt)	Long-term debt	508		

The fair value of derivative transactions is measured at the quoted price obtained from the financial institution.

The above interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income. In addition, the fair value of such interest rate swaps is included in that of hedged items (i.e., long-term debt).

16 CONTINGENT LIABILITIES

At March 31, 2025 and 2024, the Group had the following contingent liabilities:

Millions of Yen			Thousands of U.S. Dollars
	2025	2024	2025
Guarantees of advances received and borrowings of an unconsolidated subsidiary	¥ 1,115	¥ 1,188	\$ 7,458

17 NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2025 and 2024, is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income Attributable to Owners of the Parent	Weighted-Average Shares	EPS	
Year Ended March 31, 2025				
Basic EPS—Net income available to common shareholders	¥ 18,689	51,124	¥ 365.56	\$ 2.45
Year Ended March 31, 2024				
Basic EPS—Net income available to common shareholders	¥ 21,705	51,079	¥ 424.93	

For the years ended March 31, 2025 and 2024, diluted EPS is not disclosed because the Company no longer has convertible securities.

The Company's shares held by the Board Incentive Plan Trust are included in the treasury stock to be deducted when computing the average number of shares during the fiscal year for the calculation of basic net income per share and diluted net income per share.

18 OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) for the years ended March 31, 2025 and 2024, were as follows:

Millions of Yen			Thousands of U.S. Dollars
	2025	2024	2025
Unrealized gain on available-for-sale securities:			
Gains arising during the year	¥ 128	¥ 3,253	\$ 856
Reclassification adjustments to profit or loss	(2,789)	(8)	(18,658)
Amount before income tax effect	(2,661)	3,245	(17,802)
Income tax effect	(759)	995	(5,078)
Total	¥ (1,902)	¥ 2,250	\$ (12,724)
Deferred gain (loss) on derivatives under hedge accounting:			
Gains arising during the year	¥ 779	¥ 529	\$ 5,210
Reclassification adjustments to profit or loss	(563)	(858)	(3,765)
Amount before income tax effect	216	(329)	1,445
Income tax effect	66	(101)	443
Total	¥ 150	¥ (228)	\$ 1,002
Foreign currency translation adjustments	¥ (399)	¥ 2,178	\$ (2,667)
Defined retirement benefit plans:			
Adjustments arising during the year	¥ (164)	¥ 1,027	\$ (1,094)
Reclassification adjustments to profit or loss	50	79	333
Amount before income tax effect	(114)	1,106	(761)
Income tax effect	(331)		(2,211)
Total	¥ 217	¥ 1,106	\$ 1,450
Share of other comprehensive income in unconsolidated subsidiaries and associated companies:			
Gains arising during the year	¥ 35	¥ 88	\$ 237
Amount before income tax effect	35	88	237
Total	¥ 35	¥ 88	\$ 237
Total other comprehensive income	¥ (1,899)	¥ 5,394	\$ (12,702)

19 REVENUES RECOGNITION

(1) Disaggregation of Revenue

Disaggregation of revenues from contracts with clients are provided in Note 20.

(2) Basic Information to Understand Revenues from Contracts with Customers (a) Product sales

The Group manufactures and sells electron optical equipment, analytical equipment, metrology/inspection equipment, industrial equipment, and medical equipment. For these products, the Company recognizes revenue when it transfers significant risks and rewards of ownership of products to its customers, that is the point of time when its performance obligations are satisfied. Specifically, revenue is recognized when the goods are transferred to the customer at the time of shipment, customer receipt, or upon customer approval depending on the terms of sale. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and subtracts discounts and other price concession. The Company's payment terms of its transactions are generally typical and agreed-upon deferred payment term is immaterial. Majority of payments are due within one year from when the Company recognized revenue, and do not contain a significant financing component which required to adjust the balance of account receivables. Also, because payment of any product sold is normally received within one year from the time of revenue recognition, no significant financial element is adjusted for operating receivables. Sales revenue is recognized, unbilled amount is recorded as contract asset, and advance received from client is recorded as contract liability.

(b) Maintenance and services

The Company provides maintenance and services accompanying the products sold. Revenue is recognized when the significant risks and ownership of maintenance and services are transferred to the client and its obligation performance has been fulfilled. Specifically, revenue is recognized when maintenance or services has been accepted, on straight-line basis during the maintenance or service performance period defined in the contract, or on the basis of the number of engineers expended or the number of units sold. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and subtracts discounts and other price concession. The Company's payment terms of its transactions are generally typical and agreed-upon deferred payment term is immaterial. Majority of payments of any maintenance and services are due within one year from when the Company recognized revenue, and do not contain a significant financing component which required to adjust the balance of account receivables. Sales revenue is recognized, unbilled amount is recorded as contract asset, and advance received from client is recorded as contract liability.

(3) Contract Balances

Receivables from contract with customers, contract assets and contract liabilities at the beginning and end of 2025 and 2024 were as follows:

Millions of Yen			Thousands of U.S. Dollars
	2025	2024	2025
Receivables from contracts with customers:			
Balance at beginning of year	¥ 54,064	¥48,448	\$ 361,634
Balance at end of year	49,916	54,064	333,886
Contract assets:			
Balance at beginning of year	1,970	1,928	13,178
Balance at end of year	1,801	1,970	12,049
Contract liabilities:			
Balance at beginning of year	35,036	29,649	234,352
Balance at end of year	34,036	35,036	227,663

Notes:1.The amounts of recognized revenue included in the amounts of contract liabilities at the beginning of the fiscal years were ¥24,161 million (\$161,611 thousand) and ¥19,261 million for the fiscal years ended March 31, 2025 and 2024, respectively.
2.In the previous and current fiscal years, the amount of revenue recognized from the fulfilled performance obligation in the past period is not significant.
3.Contract liabilities are mainly related to advances from clients.

(4) Transaction Prices Allocated to Remaining Performance Obligations

The following table shows the summary of the transaction prices allocated to remaining performance obligations that are unsatisfied as of March 31, 2025 and 2024:

Millions of Yen			Thousands of U.S. Dollars
	2025	2024	2025
Within one year	¥ 69,217	¥ 70,379	\$ 462,993
After one year	8,838	8,976	59,117
Total	¥ 78,055	¥ 79,355	\$ 522,110

20 SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Disclosures about Segment of an Enterprise and Related information," and ASBJ Guidance No.

20, “Guidance on Accounting Standard for Disclosures about Segment of an Enterprise and Related information,” an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) Description of Reportable Segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is performed in order to decide how resources are allocated among the Group. The Group's reportable segments are Scientific Instruments, Industrial Equipment, and Medical Equipment. Scientific Instruments consist of the manufacture and sale of Transmission Electron Microscopes, Nuclear Magnetic Resonance Spectrometers, Scanning Electron Microscopes, Mass Spectrometers, etc.; Industrial Equipment consists of the manufacture and sale of Electron Beam Lithography Systems, Wafer Inspection Systems, High Frequency Plasma Generators, etc.; Medical Equipment consists of the manufacture and sale of Clinalyzers, etc.

(2) Methods of Measurement for the Amounts of Sales, Profit (Loss), Assets, and Other Items for Each Reportable Segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, “Summary of Significant Accounting Policies.” Segment profit is based on operating income.

(3) Information about Sales, Profit (Loss), Assets, and Other Items

	Millions of Yen					
	2025					
	Reportable Segments				Reconciliations	Consolidated
Scientific Instruments	Industrial Equipment	Medical Equipment	Total			
Sales:						
Japan	¥ 40,356	¥ 4,189	¥ 12,149	¥ 56,694		¥ 56,694
North, Central and South America	21,291	4,122	2,755	28,168		28,168
China	24,647	19,808	331	44,786		44,786
Other	38,500	28,364	183	67,047		67,047
Revenue from contracts with customers	124,794	56,483	15,418	196,695		196,695
Sales to external customers	124,794	56,483	15,418	196,695		196,695
Intersegment sales or transfers						
Total	¥ 124,794	¥ 56,483	¥ 15,418	¥ 196,695		¥ 196,695
Segment profit	¥ 15,017	¥ 26,317	¥ 663	¥ 41,997	¥ (6,495)	¥ 35,502
Segment assets	109,551	51,373	13,910	174,834	47,652	222,486
Other:						
Depreciation	3,012	1,250	325	4,587	338	4,925
Increase in property, plant and equipment and intangible assets	3,750	1,858	236	5,844	1,186	7,030

Notes:1. Reconciliations of:

- Segment profit amounting to ¥(6,495) million includes common costs which are not distributed to any reportable segment. The common costs are mainly composed of the back-office expenses.
 - Segment assets amounting to ¥47,652 million include common assets which are not distributed to any reportable segment. The common assets are mainly composed of cash surplus (cash and cash equivalents and time deposits) and long-term investments (investment securities).
 - Depreciation amounting to ¥338 million includes depreciation of the general administration section that is not attributable to any reportable segment.
 - Increase in property, plant and equipment and intangible assets amounting to ¥1,186 million includes common assets which are not distributed to any reportable segment.
2. Segment profit is reconciled to operating income in the consolidated statement of income.

	Millions of Yen					
	2024					
	Reportable Segments				Reconciliations	
	Scientific Instruments	Industrial Equipment	Medical Equipment	Total		
Sales:						
Japan	¥ 42,406	¥ 5,411	¥ 12,446	¥ 60,263		¥ 60,263
North, Central and South America	19,339	3,127	2,349	24,815		24,815
China	22,136	10,583	334	33,053		33,053
Other	36,132	19,890	184	56,206		56,206
Revenue from contracts with customers	120,013	39,011	15,313	174,337		174,337
Sales to external customers	120,013	39,011	15,313	174,337		174,337
Intersegment sales or transfers						
Total	¥ 120,013	¥ 39,011	¥ 15,313	¥ 174,337		¥ 174,337
Segment profit	¥ 16,846	¥ 16,203	¥ 476	¥ 33,525	¥ (5,994)	¥ 27,531
Segment assets	111,456	59,328	13,717	184,501	45,713	230,214
Other:						
Depreciation	2,888	1,017	360	4,265	386	4,651
Increase in property, plant and equipment and intangible assets	3,042	1,891	248	5,181	379	5,560

Notes:1. Reconciliations of:

- Segment profit amounting to ¥(5,994) million includes common costs which are not distributed to any reportable segment. The common costs are mainly composed of the back-office expenses.
- Segment assets amounting to ¥45,713 million include common assets which are not distributed to any reportable segment. The common assets are mainly composed of cash surplus (cash and cash equivalents and time deposits) and long-term investments (investment securities).
- Depreciation amounting to ¥386 million includes depreciation of the general administration section that is not attributable to any reportable segment.
- Increase in property, plant and equipment and intangible assets amounting to ¥379 million includes common assets which are not distributed to any reportable segment.

2. Segment profit is reconciled to operating income in the consolidated statement of income.

	Thousands of U.S. Dollars					
	2025					
	Reportable Segments					
	Scientific Instruments	Industrial Equipment	Medical Equipment	Total	Reconciliations	Consolidated
Sales:						
Japan	\$ 269,941	\$ 28,018	\$ 81,265	\$ 379,224		\$ 379,224
North, Central and South America	142,411	27,574	18,430	188,415		188,415
China	164,860	132,497	2,214	299,571		299,571
Other	257,530	189,724	1,224	448,478		448,478
Revenue from contracts with customers	834,742	377,813	103,133	1,315,688		1,315,688
Sales to external customers Intersegment sales or transfers	834,742	377,813	103,133	1,315,688		1,315,688
Total	\$ 834,742	\$ 377,813	\$ 103,133	\$ 1,315,688		\$ 1,315,688
Segment profit	\$ 100,453	\$ 176,032	\$ 4,432	\$ 280,917	\$ (43,448)	\$ 237,469
Segment assets	732,788	343,629	93,042	1,169,459	318,746	1,488,205
Other:						
Depreciation	20,149	8,360	2,175	30,684	2,261	32,945
Increase in property, plant and equipment and intangible assets	25,086	12,428	1,578	39,092	7,935	47,027

Notes:1. Reconciliations of:

- Segment profit amounting to \$(43,448) thousand includes common costs which are not distributed to any reportable segment. The common costs are mainly composed of the back-office expenses.
 - Segment assets amounting to \$318,746 thousand include common assets which are not distributed to any reportable segment. The common assets are mainly composed of cash surplus (cash and cash equivalents and time deposits) and long-term investments (investment securities).
 - Depreciation amounting to \$2,261 thousand includes depreciation of the general administration section that is not attributable to any reportable segment.
 - Increase in property, plant and equipment and intangible assets amounting to \$7,935 thousand includes common assets which are not distributed to any reportable segment.
2. Segment profit is reconciled to operating income in the consolidated statement of income.

Related Information

(1) Information about Products and Services

This information is omitted because it is provided as part of the reportable segment information.

(2) Information about Geographical Areas

a. Sales

This information is omitted because it is provided as part of the reportable segment information. Sales in the Americas include revenues of ¥25,192 (\$168,507 thousand) million attributable to the United States.

b. Property, plant and equipment

Millions of Yen		
2025		
Japan	Other	Total
¥ 18,602	¥ 5,506	¥ 24,108
Millions of Yen		
2024		
Japan	Other	Total
¥ 17,365	¥ 5,151	¥ 22,516
Thousands of U.S. Dollars		
2025		
Japan	Other	Total
\$ 124,431	\$ 36,828	\$ 161,259

(3) Information about Major Customers

Information for the year ended March 31, 2025 and 2024, is not disclosed because no customers represent 10% or more of the consolidated sales.

(4) Information about Impairment Loss of Fixed Assets by Reportable Segment

There was no impairment loss for the year ended March 31, 2025, and information about impairment loss for the year ended March 31, 2024, was as follows:

	Millions of Yen					
	2024					
	Reportable Segments				Reconciliations	Consolidated
	Scientific Instruments	Industrial Equipment	Medical Equipment	Total		
Impairment loss	¥ 604			¥ 604		¥ 604

(5) Information about Goodwill by Reportable Segment

	Millions of Yen					
	2025					
	Reportable Segments				Reconciliations	Consolidated
	Scientific Instruments	Industrial Equipment	Medical Equipment	Total		
Amortization of goodwill	¥ 204	¥ 49		¥ 253		¥ 253
Goodwill at March 31, 2025	683	229		912		912

	Millions of Yen					Reconciliations	Consolidated
	2024						
	Reportable Segments						
	Scientific Instruments	Industrial Equipment	Medical Equipment	Total			
Amortization of goodwill	¥ 48	¥ 49		¥ 97		¥ 97	
Goodwill at March 31, 2024	295	304		599		599	

	Thousands of U.S. Dollars					
	2025					
	Reportable Segments				Reconciliations	Consolidated
	Scientific Instruments	Industrial Equipment	Medical Equipment	Total		
Amortization of goodwill	\$ 1,363	\$ 330		\$ 1,693		\$ 1,693
Goodwill at March 31, 2025	4,568	1,531		6,099		6,099

(6) Information about Negative Goodwill by Reportable Segment

There was no negative goodwill for the years ended March 31, 2025 and 2024.

21 BUSINESS COMBINATIONS

Acquisition of Japan Superconductor Technology, Inc.

(a) Outline of the business combination

(1) Name of the acquired company and its business outline

Name of the acquired company:	Japan Superconductor Technology, Inc. ("JASTEC")
Business outline:	Manufacturing and sales of superconducting wires and superconducting magnets

(2) Major reason for the business combination

Our nuclear magnetic resonance (NMR) instruments are used in a wide range of applications, from basic research in the pharmaceutical and life sciences fields to molecular structure analysis in materials science and chemistry. By integrating the development and manufacturing of superconducting magnets—one of the core components of these instruments—within our corporate group, we aim to strengthen product development that meets customer needs and optimize our production system.

(3) Date of business combination

January 6, 2025

(4) Legal form of business combination

Share acquisition in consideration for cash

(5) Name of the company after the combination

No change

(6) Ratio of voting rights acquired

Ratio of voting rights owned before acquisition	14.9%
Additional ratio of voting rights acquired on date of business combination	85.1
Ratio of voting rights after acquisition	100%

(7) Basis for determining the acquirer

The Company acquired shares for a cash consideration.

(b) The period for which the operations of the acquired company are included in the consolidated financial statements

January 1 to March 31, 2025

(c) Acquisition cost of the acquired company and related details of each class of consideration

	Millions of Yen	Thousands of U.S. Dollars
Fair value of owned shares before acquisition on the date of business combination	¥ 112	\$ 752
Consideration for acquisition—cash	643	4,298
Acquisitions cost	¥ 755	\$ 5,050

(d) Major acquisition-related costs

Advisory cost and others:	¥38 million (\$257 thousand)
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(e) Difference between the acquisition cost of the acquired company and total cost of acquisitions for each transaction required until acquisition

Gain on step acquisitions:	¥112 million (\$752 thousand)
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(f) Amount of goodwill incurred, reasons for the goodwill incurred, and the method and period of amortization

(1) Amount of goodwill incurred

¥472 million (\$3,159 thousand)

(2) Reasons for the goodwill incurred

Goodwill is incurred from expected excess earnings power in the future arising from further business development.

(3) Method and period for amortization of goodwill

Goodwill is amortized on a straight-line basis over 10 years.

(g) The assets acquired and the liabilities assumed at the acquisition date are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Current assets	¥ 5,298	\$ 35,439
Noncurrent assets	246	1,643
Total assets	¥ 5,544	\$ 37,082
Current liabilities	¥ 5,100	\$ 34,112
Noncurrent liabilities	403	2,697
Total liabilities	¥ 5,503	\$ 36,809

(h) Amount allocated as intangible assets other than goodwill, the classification and the weighted average amortization periods

Classification	Amount (Millions of Yen)	Amount (Thousands of U.S. Dollars)	The Weighted-Average Amortization Periods (Years)
Customer relationships (Wire business)	¥ 353	\$ 2,361	10

(i) Proforma information (unaudited)

The pro forma impact on the consolidated statement of income for the year ended March 31, 2025, assuming the business combination had been completed on April 1, 2024, has not been disclosed as the effect is not material.

22 SUBSEQUENT EVENTS

a. Appropriation of Retained Earnings

The following appropriation of retained earnings at March 31, 2025, was approved at the shareholders' meeting held on June 26, 2025:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥62 (\$0.41) per share	¥ 3,188	\$ 21,322

b. Significant Capital Investment

At the Board of Directors meeting held on May 28, 2025, the Company resolved to construct a new facility at its Akishima Head Office Plant as described below:

(a) Purpose of the Capital Investment

The new facility will be constructed as part of the growth strategy under the new medium-term management plan, "Evolving Growth 2.0 – A New Horizon", which commenced in the current fiscal year. This investment aims to establish a robust business foundation to support sustainable growth.

(b) Overview of the Facility

(1) Location

Akishima City, Tokyo

(2) Purpose

Research, development, and production of high-end scientific measurement instruments, as well as office space

(3) Planned Investment Amount

¥25 billion (\$167,224 thousand)

(c) Schedule

Commencement of Construction:	January 2026
Expected Completion:	December 2027

(d) Impact on Financial Results

This capital expenditure is not expected to have a material impact on the Company's consolidated financial results for the fiscal year ending March 31, 2026.

c. Establishment of a Subsidiary and Transfer of Shares Related to the Medical Equipment Business

At the Board of Directors meeting held on September 2, 2025, the Company resolved to to establish a wholly owned subsidiary to which its medical equipment business will be transferred through a simplified absorption-type company split. The new subsidiary (name to

be determined) is scheduled to be established in early September 2025 in Musashimurayama City, Tokyo, and the company split is planned to take effect on April 1, 2026.

The new subsidiary will be incorporated with an initial capital of ¥95 million, divided into 50 issued shares, all of which will be held by JEOL Ltd. prior to the share transfer.

The business to be transferred includes manufacturing, sales, and research of medical equipment, as well as contract manufacturing, maintenance and servicing of related products and parts, and procurement and sales of peripheral equipment. For the fiscal year ended March 31, 2025, the medical equipment business recorded net sales of ¥15,418 million and operating profit of ¥663 million. As of March 31, 2025, the total assets and liabilities of the business were ¥13,716 million and ¥2,566 million, respectively.

Following the effective date of the company split, the Company plans to transfer all 50 issued shares (representing 100% of voting rights) of the new subsidiary to Sysmex Corporation. As a result, the subsidiary will be excluded from the scope of consolidation from the first quarter of the fiscal year ending March 31, 2027.

The impact of this transaction on the consolidated financial results for the fiscal year ending March 31, 2026 is expected to be immaterial. The impact on the fiscal year ending March 31, 2027 is currently under evaluation. Should any material matters arise, they will be disclosed promptly.

The following table summarizes the key dates related to the establishment of the subsidiary, company split, and share transfer:

Event	Date
Board Resolution Date	September 2, 2025
Share Transfer Agreement Date	September 2, 2025
Subsidiary Establishment Date	Early September 2025 (planned)
Company Split Agreement Date	Late September 2025 (planned)



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of JEOL Ltd.:

<Audit of Consolidated Financial Statements>

Opinion

We have audited the consolidated financial statements of JEOL Ltd. and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2025, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

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

Key Audit Matter

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

Revenue recognition from Scientific Instruments and Industrial Instruments sales	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>Consolidated net sales for the current fiscal year were ¥196,695 million. As stated in Note 20, "SEGMENT INFORMATION" to the consolidated financial statements, the Group's sales are mainly derived from ¥124,794 million in Scientific Instruments segment and ¥56,483 million in Industrial Equipment segment. These sales comprised 63% and 29% of consolidated net sales, respectively. Products in Scientific Instruments include Transmission Electron Microscopes, Nuclear Magnetic Resonance Spectrometers, and Mass Spectrometers, and products in Industrial Equipment include Electron Beam Lithography Systems, etc.</p> <p>Products in Scientific Instruments include state-of-the-art equipment used at national institutes and laboratories of private companies. Since the equipment is mostly installed in March, which is the end of the fiscal year, the volume of sales generated in the fourth quarter is often considerably higher than that of other quarters.</p> <p>Industrial Equipment includes the products of which transaction price tends to be high. Therefore, inappropriate transaction price or timing of the satisfaction of performance obligations may have a significant impact on sales and profits.</p> <p>In addition, the equipment contracts in both Scientific Instruments and Industrial Equipment segments may comprise multiple performance obligations, e.g., main equipment, peripheral equipment, etc., in response to customer needs.</p> <p>As stated in Note 2, "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES," n. "Revenues Recognition" and Note 19, "REVENUES RECOGNITION" to the consolidated financial statements, the Group recognizes revenue in accordance with the following steps; identification of performance obligations, allocation of transaction prices and timing of satisfaction of individual performance obligations in each contract.</p> <p>Accordingly, we determined occurrence and cutoff in revenue recognition of Scientific Instruments and Industrial Equipment Instruments as the key audit matter.</p>	<p>Our testing of revenue recognition included, among others, the following procedures:</p> <p>(1) We evaluated the design and operating effectiveness of the control over product sales, especially the internal control over the appropriateness of timing of the revenue recognition.</p> <p>(2) We performed statistical sampling on the sales of Scientific Instruments segment recorded in March, which served as the population and had a relatively large volume of sales generated, and then performed the following procedures for the samples extracted:</p> <ul style="list-style-type: none">• In order to understand the transactions and test the appropriateness of identification of performance obligations and allocation of the transaction price, we inquired with the person in charge of the accounting department about the contracts.• In order to validate the appropriateness of the timing of satisfaction of performance obligations, we inspected documents related to sales orders and certificate of installation. <p>(3) We performed statistical sampling on the sales of Industrial Equipment segment in relation to the semiconductor business with the following procedures:</p> <ul style="list-style-type: none">• In order to understand the transactions and validate the appropriateness of identification of the performance obligations and allocation of transaction prices, we inquired with the person in charge of the accounting department.• In order to assess the occurrence of transactions and the validity of the timing of satisfaction of performance obligations, we inspected documents related to sales orders and certificate of installation. <p>(4) We performed the following procedures for the revenue from contracts with multiple performance obligations:</p> <ul style="list-style-type: none">• In order to assess the reasonableness of the identification of performance obligations in contracts, the allocation of transaction prices, and the timing of the satisfaction of performance obligations, we inspected documents related to sales orders and certificate of installation.• In order to understand the transaction and assess the reasonableness of the satisfaction of the performance obligations, we inquired about contracts with the person in charge of the accounting department.

	<ul style="list-style-type: none"> • We involved IT specialists in our network firm to evaluate the accuracy and completeness of the information produced by the entity used to perform the procedures for the revenue from contracts with multiple performance obligations. • For samples extracted, we validated the timing of the satisfaction of performance obligations and the appropriateness of the sales amounts with customers.
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Valuation of nonmarketable securities	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>As stated in the consolidated balance sheet, JEOL Ltd. (the "Company") recorded investment securities of ¥11,877 million, including the nonmarketable securities of ¥4,234 million.</p> <p>Some investment securities include amounts reflecting excess earning power and economic benefits at the time of acquisition.</p> <p>In addition, the Company recorded loss on write-down of investment securities of ¥12,381 million in the consolidated statement of income for the current fiscal year.</p> <p>As stated in Note 3, "SIGNIFICANT ACCOUNTING ESTIMATES," b. "Valuation of Nonmarketable Securities," nonmarketable securities are stated at acquisition cost on the consolidated balance sheet, but if nonmarketable securities are invested at a substantially higher price than the amount based on net assets per share, the excess earning power decreases and the fair value declines significantly, impairment loss is recognized.</p> <p>In the valuation of such nonmarketable securities, management is required to make significant judgments regarding whether the excess earning power still exists, based on the business plan formulated at the time of investment and taking into account post-investment performance and changes in the business environment.</p>	<p>Our testing of the valuation of nonmarketable securities included, among others, the following procedures:</p> <p>(1) Internal Control Evaluation</p> <p>We evaluated the design and operating effectiveness of internal controls by confirming that the internal documents regarding the valuation of nonmarketable securities were approved by the appropriate authorizers and inquiring with the person in charge on the process of their preparation and judgment.</p> <p>(2) Asset Value of Nonmarketable Securities</p> <ul style="list-style-type: none"> • In order to evaluate the impairment indication judgment performed by the Company, we inquired with management, the strategy planning officer and senior executive officer of the business operation on whether there were any deterioration changes in the business environment. • In order to evaluate the effectiveness of the process in management's estimation, we compared the business plans from previous years with the subsequent actual results. • In order to evaluate the current performance of investee company and the existence of abnormal fluctuations and reasonableness of the future plans of investee company, we inspected the evaluation of judgment document of the nonmarketable securities and inquired with the person in charge. • In order to evaluate the reasonableness of sales volume which is the main assumptions included in the estimates of the investee's business plan, we performed trend analyses based on the past sales results and sales projections of the Company's related products and compared them with available external data.

<p>In particular, the forecast of sales volume, which is the primary assumption of the investee's business plan, is affected by the trend of capital investment and R & D investment in the market and therefore, the forecast involves uncertainty, and accordingly, the measurement of fair value requires a high level of expertise.</p> <p>Therefore, we determined that management's judgment regarding excess earning power, in the valuation of nonmarketable securities is particularly important in the audit of the current fiscal year, and therefore constitutes a key audit matter.</p>	<ul style="list-style-type: none"> • We involved internal specialists in our network firm to evaluate the validity of the valuation report used in impairment test (assumption of valuation including valuation methods, inputs such as discount rates and long-term growth rates, and data sources). In addition, we performed sensitivity analysis through our specialists. • If the fair value calculated based on the above valuation report is less than 50% of the acquisition cost, we confirmed the Company reduced the cost to the fair value and recorded the difference as loss on write-down of investment securities. • We reviewed related notes.
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Other Information

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

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

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan 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.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

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

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

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

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

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

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board 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, actions taken to eliminate threats or safeguards applied.

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

<Fee-Related Information>

Fees for audit and other services for the year ended March 31, 2025, which were charged by us and our network firms to JEOL Ltd. and its subsidiaries were ¥80 million and ¥16 million, respectively.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partner 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.

Hiroyuki Motegi
Designated Engagement Partner
Certified Public Accountant

Deloitte Touche Tohmatsu LLC
September 19, 2025