

Consolidated Balance Sheet (March 31, 2026)

		Millions of Yen	Thousands of U.S. Dollars (Note 1)
ASSETS		2026	2025
CURRENT ASSETS:	Cash and cash equivalents (Note 14)	¥ 37,327	¥ 34,605
	Time deposits (Note 14)	1,623	1,540
	Receivables (Notes 14 and 19):		
	Trade notes	1,890	2,796
	Trade accounts and contract assets	47,674	47,545
	Unconsolidated subsidiaries and associated companies	958	1,378
	Other	421	333
	Allowance for doubtful receivables	(969)	(820)
	Inventories (Note 5)	75,530	77,019
	Prepaid expenses and other current assets	6,091	5,096
Total current assets		170,545	169,492
PROPERTY, PLANT AND EQUIPMENT (Note 7):	Land	4,049	3,952
	Buildings and structures	32,025	30,462
	Machinery and equipment	5,836	7,385
	Tools, furniture, and fixtures	35,215	29,762
	Lease assets	5,118	4,680
	Construction in progress	12,785	1,183
	Total	95,028	77,424
	Accumulated depreciation	(57,100)	(53,316)
Net property, plant and equipment		37,928	24,108
INVESTMENTS AND OTHER ASSETS:	Investment securities (Notes 3, 4, 7 and 14)	13,276	11,877
	Investments in and advances to unconsolidated subsidiaries and associated companies (Note 14)	3,477	2,892
	Software	685	804
	Goodwill (Notes 3 and 20)	785	912
	Asset for employees' retirement benefits (Note 8)	3,584	
	Deferred tax assets (Note 10)	6,518	8,500
	Other intangible assets	3,426	2,061
	Other assets	1,802	1,840
	Total investments and other assets	33,553	28,886
TOTAL		¥ 242,026	¥ 222,486

See notes to consolidated financial statements.

		Millions of Yen	Thousands of U.S. Dollars (Note 1)
LIABILITIES AND EQUITY		2026	2025
CURRENT LIABILITIES:	Short-term bank loans (Note 7)	¥ 14,000	
	Current portion of long-term borrowings (Notes 7 and 14)	3,267	¥ 4,414
	Current portion of long-term lease obligations (Notes 7 and 14)	602	575
	Payables (Note 14):		
	Trade notes	312	566
	Trade accounts	8,630	9,941
	Unconsolidated subsidiaries and associated companies	964	1,195
	Other	7,360	4,546
	Electronically recorded obligations	4,270	4,677
	Income taxes payable	3,005	6,040
LONG-TERM LIABILITIES:	Contract liabilities (Note 19)	29,767	34,036
	Accrued bonuses to employees	2,056	2,156
	Other current liabilities	5,229	4,849
	Total current liabilities	79,462	72,995
	Long-term borrowings (Notes 7 and 14)	7,903	3,170
	Long-term lease obligations (Notes 7 and 13)	1,331	1,127
	Deferred tax liabilities (Note 10)	198	223
	Liability for employees' retirement benefits (Note 8)	6,649	6,846
	Retirement allowances for directors, executive officers, and Audit & Supervisory Board members (Note 8)	57	51
	Board Incentive Plan allowances	728	665
EQUITY (Note 9):	Asset retirement obligations	378	370
	Other long-term liabilities	421	386
	Total long-term liabilities	17,665	12,838
	COMMITMENTS AND CONTINGENT LIABILITIES (Notes 13, 15 and 16)		
	Common stock—authorized, 100,000,000 shares; issued, 51,532,800 shares in 2026 and 2025	21,394	21,394
	Capital surplus	21,271	21,271
	Retained earnings	102,349	86,164
	Treasury stock—at cost, 2,831,561 shares in 2026 and 393,904 shares in 2025	(13,327)	(689)
	Accumulated other comprehensive income (loss):		
	Unrealized gain on available-for-sale securities	5,137	4,296
EQUITY (Note 9):	Deferred loss on derivatives under hedge accounting	(88)	(1)
	Foreign currency translation adjustments	5,047	2,844
	Defined retirement benefit plans	3,116	1,374
	Total equity	144,899	136,653
TOTAL		¥ 242,026	¥ 222,486

See notes to consolidated financial statements.

Consolidated Statement of Income (Year Ended March 31, 2026)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2026	2025	2026
NET SALES (Note 12)	¥ 179,354	¥ 196,695	\$ 1,121,663
COST OF SALES (Note 12)	96,323	104,297	602,398
Gross profit	83,031	92,398	519,265
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Notes 11 and 12)	57,014	56,896	356,554
Operating income	26,017	35,502	162,711
Interest and dividend income	502	479	3,140
Revenue from performance of research and development services	166	131	1,037
Insurance claim receipt	78	4	486
Subsidy income	21	20	133
Interest expense	(134)	(120)	(836)
Foreign exchange gain (loss)—net	1,424	(1,953)	8,904
Loss on sales of trade receivables	(2)	(3)	(13)
Loss on cancellation of insurance policies		(50)	
Gain on sales and disposals of property, plant and equipment—net	96	17	598
Loss on write-down of investment securities (Note 3)	(1)	(12,381)	(5)
Equity in earnings of unconsolidated subsidiaries and associated companies	462	354	2,891
Gain on sales of investment securities	1,016	2,789	6,356
Commission paid	(40)		(250)
Stock issuance costs amortization		(16)	
Gain on step acquisitions		112	
Impairment loss	(233)		(1,457)
Other—net	116	78	723
Other income (expenses)—net	3,471	(10,539)	21,707
INCOME BEFORE INCOME TAXES	29,488	24,963	184,418
INCOME TAXES (Note 10):			
Current	7,435	10,070	46,498
Deferred	(44)	(3,796)	(275)
Total income taxes	7,391	6,274	46,223
NET INCOME	22,097	18,689	138,195
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 22,097	¥ 18,689	\$ 138,195
	Yen		U.S. Dollars
	2026	2025	2026
PER SHARE OF COMMON STOCK (Notes 2.u and 17):			
Basic net income	¥ 432.58	¥ 365.56	\$ 2.71
Cash dividends applicable to the year	132.00	106.00	0.83

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income (Year Ended March 31, 2026)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2026	2025	2026
NET INCOME	¥ 22,097	¥ 18,689	\$ 138,195
OTHER COMPREHENSIVE INCOME (LOSS) (Note 18):			
Unrealized gain (loss) on available-for-sale securities	841	(1,902)	5,257
Deferred (loss) gain on derivatives under hedge accounting	(87)	150	(541)
Foreign currency translation adjustments	2,027	(399)	12,675
Defined retirement benefit plans	1,742	217	10,895
Share of other comprehensive income in unconsolidated subsidiaries and associated companies	176	35	1,101
Total other comprehensive income (loss)	4,699	(1,899)	29,387
COMPREHENSIVE INCOME	¥ 26,796	¥ 16,790	\$ 167,582
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥ 26,796	¥ 16,790	\$ 167,582
Noncontrolling interests			

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity (Year Ended March 31, 2026)

	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 (Loss) gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	
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
Net income attributable to owners of the parent				22,097						22,097
Cash dividends, for prior year-end, ¥62 per share, and for current year interim, ¥53 per share				(5,912)						(5,912)
Purchase of treasury stock					(12,770)					(12,770)
Disposal of treasury stock					132					132
Net change in items other than shareholders' equity						841	(87)	2,203	1,742	4,699
BALANCE, MARCH 31, 2026	51,533	¥ 21,394	¥ 21,271	¥ 102,349	¥ (13,327)	¥ 5,137	¥ (88)	¥ 5,047	¥ 3,116	¥ 144,899

	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, 2025	\$ 133,797	\$ 133,029	\$ 538,858	\$ (4,307)	\$ 26,867	\$ (9)	\$ 17,786	\$ 8,595	\$ 854,616
Net income attributable to owners of the parent			138,195						138,195
Cash dividends, for prior year-end, \$0.39 per share, and for current year interim, \$0.33 per share			(36,976)						(36,976)
Purchase of treasury stock				(79,865)					(79,865)
Disposal of treasury stock				826					826
Net change in items other than shareholders' equity					5,257	(541)	13,776	10,895	29,387
BALANCE, MARCH 31, 2026	\$ 133,797	\$ 133,029	\$ 640,077	\$ (83,346)	\$ 32,124	\$ (550)	\$ 31,562	\$ 19,490	\$ 906,183

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows (Year Ended March 31, 2026)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2026	2025	2026
Income before income taxes	¥ 29,488	¥ 24,963	\$ 184,418
Adjustments for:			
Income taxes—paid	(10,260)	(9,772)	(64,164)
Depreciation and amortization	5,369	4,925	33,578
Amortization of goodwill	141	253	884
Gain on sales and disposals of property, plant and equipment—net	(96)	(17)	(598)
Loss on write-down of investment securities	1	12,381	5
Gain on sales of investment securities	(1,016)	(2,789)	(6,356)
Gain on step acquisitions		(112)	
Decrease in contract liabilities	(6,420)	(1,422)	(40,148)
Subsidy income	(21)	(20)	(133)
Impairment loss	233		1,457
Equity in earnings of unconsolidated subsidiaries and associated companies	(462)	(354)	(2,891)
Changes in assets and liabilities:			
Decrease in trade notes and accounts receivable	2,467	4,424	15,431
Decrease in inventories	1,570	2,234	9,819
Decrease in trade notes and accounts payable	(3,686)	(13,856)	(23,051)
(Decrease) increase in provision for accrued bonuses to employees	(118)	94	(739)
(Decrease) increase in liability for employees' retirement benefits	(326)	146	(2,038)
Increase in retirement allowances for directors, executive officers, and Audit & Supervisory Board members	201	182	1,256
Other—net	(1,065)	1,845	(6,667)
Total adjustments	(13,488)	(1,858)	(84,355)
Net cash provided by operating activities	16,000	23,105	100,063
(Decrease) increase in time deposits—net	(22)	136	(137)
Proceeds from sales of investment securities	1,123	3,041	7,023
Proceeds from sales of property, plant and equipment	191	96	1,196
Payment for purchases of property, plant and equipment	(13,489)	(2,960)	(84,359)
Payment for purchases of intangible assets	(1,607)	(1,304)	(10,048)
Proceeds from sales of intangible assets	5		29
Purchase of shares of subsidiaries resulting in change in scope of consolidation (See Additional Information)		(637)	
Purchases of shares of unconsolidated subsidiaries	(21)		(131)
Proceeds from collection of long-term loans receivable	3	3	18
Payments for acquisition of businesses		(150)	
Other—net	55	919	342
Net cash used in investing activities	(13,762)	(856)	(86,067)
Net increase (decrease) in short-term borrowings	14,000	(3,900)	87,555
Proceeds from long-term bank loans	8,000		50,031
Repayments of long-term borrowings	(4,414)	(6,943)	(27,604)
Purchase of treasury stock	(12,770)	(1)	(79,865)
Cash dividends paid	(5,909)	(5,797)	(36,954)
Other—net	(460)	(475)	(2,874)
Net cash used in financing activities	(1,553)	(17,116)	(9,711)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	2,037	(335)	12,738
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,722	4,798	17,023
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	34,605	29,807	216,417
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 37,327	¥ 34,605	\$ 233,440

See notes to consolidated financial statements.

Additional Information

Reconciliation of the net cash provided by the investment in Japan Superconductor Technology, Inc. for the year ended March 31, 2025 is as follows:

	Millions of Yen
	2025
Current assets	¥ 5,298
Fixed assets	246
Goodwill	472
Intangible assets	353
Current liabilities	(5,100)
Long-term liabilities	(514)
Acquisition cost	755
Gain on step acquisitions	(112)
Acquisition cost of the newly consolidated subsidiary through additional share acquisition	643
Cash and cash equivalents	(6)
Net cash paid for acquisition of Japan Superconductor Electron Solutions, Inc.	¥ 637

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 ¥159.9 to \$1, the approximate rate of exchange at March 31, 2026. 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, 2026, include the accounts of the Company and its 23 (22 in 2025) significant subsidiaries (together, the "Group").

K.K. Medical Equipment Business Split Preparation Company (the "New Company") was included in the consolidation scope because it was newly established on September 25, 2025. Effective April 1, 2026, the medical equipment business was transferred to the New Company through an absorption-type company split, all of its shares were transferred to Sysmex Corporation, and the New Company was renamed Sysmex BioMajesty Co., Ltd.

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 10 (9 in 2025) unconsolidated subsidiaries and 1 (2 in 2025) associated companies are accounted for by the equity method.

J&B TECHNICAL OPERATIONS LTD. which was originally an associated company became an unconsolidated subsidiary as a result of the additional acquisition of its shares on March 31, 2026.

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.

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 Recognition

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.

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, 2026 and 2025, 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.

— Accounting Standard for Subsequent Events (ASBJ Statement No. 41, January 9, 2026, issued by the Accounting Standards Board of Japan)

— Implementation Guidance on Accounting Standard for Subsequent Events (ASBJ Guidance No. 35, January 9, 2026, issued by the Accounting Standards Board of Japan)

(1) Outline

The Accounting Standard for Subsequent Events and the related implementation guidance establish comprehensive accounting requirements concerning the definition, accounting treatment, and disclosure of subsequent events. The standards were developed based on the fundamental policy of transferring, in principle, the accounting-related requirements set forth in Practical Guideline No. 1, Accounting Treatment for Subsequent Events, issued by the Audit and Assurance Standards Committee of the Japanese Institute of Certified Public Accountants (JICPA), to the Accounting Standards Board of Japan (ASBJ). The standards also revise certain wording, clarify the period for evaluating subsequent events, and introduce new disclosure requirements regarding the approval of the issuance of financial statements.

(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 SIGNIFICANT ACCOUNTING ESTIMATES

a. Evaluation of Goodwill and Other Intangible Assets

(1) Carrying amounts

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Goodwill	¥ 785	¥ 912	\$ 4,912
Other intangible assets —Customer relationships	626	718	3,914

(2) Information on the accounting estimate

Goodwill and other intangible assets at March 31, 2026, 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
	2026	2025	2026
Nonmarketable securities	¥ 4,524	¥ 4,234	\$ 28,291
Loss on write-down of investment securities	1	12,381	5

(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, unless the recoverability of the fair value is supported by sufficient evidence.

(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, 2026 and 2025, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Noncurrent:			
Marketable equity securities	¥ 8,751	¥ 7,642	\$ 54,731
Nonmarketable securities	4,524	4,234	28,291
Capital contribution securities (non-marketable)	1	1	6
Total	¥ 13,276	¥ 11,877	\$ 83,028

The costs and aggregate fair values of investment securities at March 31, 2026 and 2025, were as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2026				
Securities classified as available-for-sale equity securities	¥ 1,398	¥ 7,353		¥ 8,751
March 31, 2025				
Securities classified as available-for-sale equity securities	¥ 1,509	¥ 6,136	¥ 3	¥ 7,642

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2026				
Securities classified as available-for-sale equity securities	\$ 8,744	\$ 45,987		\$ 54,731

The information for available-for-sale securities which were sold during the years ended March 31, 2026 and 2025, was as follows:

	Millions of Yen		
	Proceeds	Realized Gains	Realized Loss
March 31, 2026			
Available-for-sale—Equity securities	¥ 1,126	¥ 1,016	

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

	Thousands of U.S. Dollars		
	Proceeds	Realized Gains	Realized Loss
March 31, 2026			
Available-for-sale—Equity securities	\$ 7,045	\$ 6,356	

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, 2026, is ¥1 million (\$5 thousand).

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

5 INVENTORIES

Inventories at March 31, 2026 and 2025, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Finished products	¥ 17,145	¥ 15,933	\$107,224
Work in process	53,489	55,599	334,517
Raw materials and supplies	4,896	5,487	30,618
Total	¥ 75,530	¥ 77,019	\$472,359

6 IMPAIRMENT LOSS

The Group recorded impairment loss as follows:

For the year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

Location	Classification	Millions of Yen	Thousands of U.S. Dollars
Akishima, Tokyo.	Tools, furniture, and fixtures	¥ 233	\$ 1,457

No impairment loss was recognized for the year ended March 31, 2025.

In the Industrial Equipment business, the carrying amount of the assets was written down to the recoverable amount because the investment was no longer expected to be recovered due to continuous negative operating cash flows. As a result, an impairment loss of ¥233 million (\$1,457 thousand) was recognized in other income (expenses).

The recoverable amount was measured based on value in use. Since the undiscounted future cash flows were negative, the recoverable amount was determined to be zero.

7 LONG-TERM DEBT

Long-term debt at March 31, 2026 and 2025, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Loans from banks and insurance companies, due serially to 2035 with interest rates ranging from 0.43% to 2.52% (2026) and from 0.31% to 0.79% (2025):			
Collateralized	¥ 5,954	¥ 4,005	\$ 37,236
Unsecured	5,216	3,579	32,622
Lease obligations	1,933	1,702	12,088
Total	13,103	9,286	81,946
Less current portion	(3,869)	(4,989)	(24,197)
Long-term debt, less current portion	¥ 9,234	¥ 4,297	\$ 57,749

Annual maturities of long-term debt, excluding finance leases (see Note 13), at March 31, 2026, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2027	¥ 3,267	\$ 20,433
2028	1,244	7,779
2029	894	5,590
2030	894	5,590
2031	894	5,590
2032 and thereafter	3,977	24,876
Total	¥ 11,170	\$ 69,858

The carrying amounts of assets pledged as collateral for short-term bank loans of ¥4,862 million (\$30,407 thousand) and ¥0 million, current portion of long-term borrowings of ¥1,833 million (\$11,465 thousand) and ¥2,051 million, and long-term borrowings of ¥4,121 million (\$25,771 thousand) and ¥1,954 million at March 31, 2026 and 2025, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Land	¥ 535	¥ 535	\$ 3,348
Buildings and structures—net of accumulated depreciation	3,024	3,012	18,909
Machinery and equipment—net of accumulated depreciation	0	1	2
Investment securities	3,682	3,246	23,027
Total	¥ 7,241	¥ 6,794	\$ 45,286

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 (\$56,285 thousand), with a syndicate of six Japanese banks, arranged by MUFG Bank, Ltd. The details of this agreement at March 31, 2026 and 2025, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Total amount of commitment line contract	¥ 9,000	¥ 9,000	\$ 56,285
Utilized amount	4,000		25,015
Net	¥ 5,000	¥ 9,000	\$ 31,270

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, 2026, 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, 2026 and 2025, for directors and Audit & Supervisory Board members is ¥57 million (\$356 thousand) and ¥51 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, 2026 and 2025, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Balance at beginning of year	¥ 19,542	¥ 19,338	\$ 122,216
Current service cost	1,150	1,127	7,189
Interest cost	163	160	1,019
Actuarial (gains) losses	(2,514)	19	(15,724)
Benefits paid	(1,332)	(1,080)	(8,330)
Others	6	(22)	39
Balance at end of year	¥ 17,015	¥ 19,542	\$ 106,409

- (2) The changes in plan assets for the years ended March 31, 2026 and 2025, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Balance at beginning of year	¥ 13,408	¥ 13,074	\$ 83,852
Expected return on plan assets	250	243	1,564
Actuarial (gains) losses	1,013	(144)	6,333
Contributions from the employer	839	867	5,245
Benefits paid	(782)	(621)	(4,890)
Others	3	(11)	21
Balance at end of year	¥ 14,731	¥ 13,408	\$ 92,125

- (3) The changes in liability for retirement benefits under the simplified method for the years ended March 31, 2026 and 2025, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Balance at beginning of year	¥ 712	¥ 332	\$ 4,453
Beginning balances of newly consolidated subsidiaries		327	
Net periodic benefit costs	84	62	525
Benefits paid	(15)	(9)	(93)
Balance at end of year	¥ 781	¥ 712	\$ 4,885

- (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
	2026	2025	2026
Funded defined benefit obligation	¥ 16,711	¥ 19,270	\$ 104,509
Plan assets	(14,731)	(13,408)	(92,125)
Total	1,980	5,862	12,384
Unfunded defined benefit obligation	1,085	984	6,785
Net liability arising from defined benefit obligation	¥ 3,065	¥ 6,846	\$ 19,169

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Liability for retirement benefits	¥ 6,649	¥ 6,846	\$ 41,583
Asset for employees' retirement benefits	3,584		22,414
Net liability arising from defined benefit obligation	¥ 3,065	¥ 6,846	\$ 19,169

- (5) The components of net periodic benefit costs for the years ended March 31, 2026 and 2025, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Service cost	¥ 1,150	¥ 1,127	\$ 7,189
Interest cost	163	160	1,019
Expected return on plan assets	(250)	(243)	(1,564)
Recognized actuarial (gains) losses	(33)	49	(200)
Benefit costs accounted for by the simplified method	84	63	525
Net periodic benefit costs	¥ 1,114	¥ 1,156	\$ 6,969

- (6) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2026 and 2025, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Actuarial (gains) losses	¥ 3,495	¥ (114)	\$ 21,858
Total	¥ 3,495	¥ (114)	\$ 21,858

- (7) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2026 and 2025, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Unrecognized actuarial gains	¥ (4,539)	¥ (1,044)	\$ (28,385)
Total	¥ (4,539)	¥ (1,044)	\$ (28,385)

- (8) Plan assets

a. Components of plan assets

Plan assets as of March 31, 2026 and 2025, consisted of the following:

	2026	2025
Debt investments	19%	17%
Equity investments	33	32
Cash and cash equivalents	1	1
General account	42	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, 2026 and 2025, are set forth as follows:

	2026	2025
Discount rate	2.3%	0.8%
Expected rate of return on plan assets	1.8	1.9

(10) Defined contribution plans

Retirement benefit costs of defined contribution plans as of March 31, 2026 and 2025, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Retirement benefit costs of defined contribution plans	¥ 625	¥ 604	\$ 3,909

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, 2026 and 2025.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2026 and 2025, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Deferred tax assets:			
Allowance for doubtful receivables	¥ 378	¥ 337	\$ 2,372
Accrued bonuses to employees	606	630	3,788
R&D costs	1,136	1,222	7,107
Accrued enterprise taxes	221	387	1,384
Loss on write-down of inventories	1,122	692	7,016
Unrealized intercompany profits of inventories	2,278	1,899	14,246
Property, plant and equipment	690	647	4,314
Amortization of software	1,127	1,086	7,050
Impairment loss	106	40	663
Loss on write-down of investment securities	3,896	3,970	24,365
Liability for employees’ retirement benefits	2,374	3,015	14,844
Tax loss carryforwards	86	94	537
Retirement allowances for directors, executive officers, and Audit & Supervisory Board members	19	17	116
Other	1,730	2,005	10,815
Less valuation allowance	(4,388)	(4,325)	(27,442)
Total	11,381	11,716	71,175
Deferred tax liabilities	(4,863)	(3,216)	(30,410)
Net deferred tax assets	¥ 6,518	¥ 8,500	\$ 40,765
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	¥ (2,217)	¥ (1,837)	\$ (13,863)
Undistributed earnings of associated companies	(594)	(537)	(3,716)
Asset for employees’ retirement benefits	(1,130)		(7,065)
Other	(1,120)	(1,065)	(7,005)
Total	(5,061)	(3,439)	(31,649)
Deferred tax assets	4,863	3,216	30,410
Net deferred tax liabilities	¥ (198)	¥ (223)	\$ (1,239)

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, 2026, with the corresponding figures for 2025, is as follows:

	2026	2025
Normal effective statutory tax rate	30.6%	30.6%
Expenses not deductible for income tax purposes	0.8	0.8
Inhabitant tax on per capita basis	0.1	0.2
Unrealized intercompany profits	0.0	(0.0)
Difference in tax rates of foreign subsidiaries	(1.0)	(0.6)
Foreign tax credit	0.4	0.4
Tax credit	(5.1)	(7.6)
Less valuation allowance	0.0	4.2
Other—net	(0.7)	(2.9)
Actual effective tax rate	25.1%	25.1%

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, 2026 and 2025, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Depreciation and amortization	¥ 1,940	¥ 1,816	\$ 12,135
R&D costs	11,405	11,978	71,327
Net periodic retirement benefit costs	505	504	3,157
Amortization of goodwill	141	253	884

12 RELATED-PARTY DISCLOSURES

Transactions of the Group with unconsolidated subsidiaries and associated companies for the years ended March 31, 2026 and 2025, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Sales	¥ 3,309	¥ 3,688	\$ 20,695
Purchases	2,925	3,570	18,293
Selling, general and administrative expenses	1,942	2,236	12,144

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, 2026 and 2025, were ¥2,395 million (\$14,980 thousand) and ¥2,156 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	
	2026		2025		2026	
	Finance Leases	Operating Leases	Finance Leases	Operating Leases	Finance Leases	Operating Leases
Due within one year	¥ 602	¥ 22	¥ 575	¥ 18	\$ 3,764	\$ 138
Due after one year	1,331	34	1,127	37	8,324	212
Total	¥ 1,933	¥ 56	¥ 1,702	¥ 55	\$ 12,088	\$ 350

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, 2026			
Investment securities	¥ 8,751	¥ 8,751	
Total	¥ 8,751	¥ 8,751	
Long-term debt	¥ 11,170	¥ 11,152	¥ (18)
Total	¥ 11,170	¥ 11,152	¥ (18)

	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)

	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
March 31, 2026			
Investment securities	\$ 54,731	\$ 54,731	
Total	\$ 54,731	\$ 54,731	
Long-term debt	\$ 69,858	\$ 69,741	\$ (117)
Total	\$ 69,858	\$ 69,741	\$ (117)

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

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Investments in equity instruments that do not have a quoted market price in an active market	¥ 8,001	¥ 7,127	\$ 50,037

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

	Millions of Yen
March 31, 2026	Due in 1 Year or Less
Cash and cash equivalents	¥ 37,327
Time deposits	1,623
Receivables	49,974
Total	¥ 88,924

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

	Thousands of U.S. Dollars
March 31, 2026	Due in 1 Year or Less
Cash and cash equivalents	\$ 233,440
Time deposits	10,147
Receivables	312,531
Total	\$ 556,118

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, 2026				
Investment securities	¥ 8,751			¥ 8,751
Total assets	¥ 8,751			¥ 8,751
Derivative transactions		¥ 127		¥ 127
Total liabilities		¥ 127		¥ 127

	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

	Thousands of U.S. Dollars			
	Level 1	Level 2	Level 3	Total
March 31, 2026				
Investment securities	\$ 54,731			\$ 54,731
Total assets	\$ 54,731			\$ 54,731
Derivative transactions		\$ 793		\$ 793
Total liabilities		\$ 793		\$ 793

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

	Millions of Yen			
	Level 1	Level 2	Level 3	Total
March 31, 2026				
Long-term debt		¥ 11,152		¥ 11,152

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

	Thousands of U.S. Dollars			
	Level 1	Level 2	Level 3	Total
March 31, 2026				
Long-term debt		\$ 69,741		\$ 69,741

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, 2026				
Foreign currency forward contracts—Selling USD	Receivables	¥ 2,251		¥ (127)
Interest rate swaps (fixed rate payment, floating rate receipt)	Long-term debt			

	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		

	Thousands of U.S. Dollars			
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
March 31, 2026				
Foreign currency forward contracts—Selling USD	Receivables	\$ 14,076		\$ (793)
Interest rate swaps (fixed rate payment, floating rate receipt)	Long-term debt			

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, 2026 and 2025, the Group had the following contingent liabilities:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Guarantees of advances received and borrowings of an unconsolidated subsidiary	¥ 916	¥ 1,115	\$ 5,727

17 NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2026 and 2025, 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, 2026				
Basic EPS—Net income available to common shareholders	¥ 22,097	51,083	¥ 432.58	\$ 2.71
Year Ended March 31, 2025				
Basic EPS—Net income available to common shareholders	¥ 18,689	51,124	¥ 365.56	

For the years ended March 31, 2026 and 2025, 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, 2026 and 2025, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Unrealized gain on available-for-sale securities:			
Gains arising during the year	¥ 2,236	¥ 128	\$ 13,986
Reclassification adjustments to profit or loss	(1,016)	(2,789)	(6,357)
Amount before income tax effect	1,220	(2,661)	7,629
Income tax effect	379	(759)	2,372
Total	¥ 841	¥ (1,902)	\$ 5,257
Deferred gain (loss) on derivatives under hedge accounting:			
Gains arising during the year	¥ 56	¥ 779	\$ 349
Reclassification adjustments to profit or loss	(181)	(563)	(1,129)
Amount before income tax effect	(125)	216	(780)
Income tax effect	(38)	66	(239)
Total	¥ (87)	¥ 150	\$ (541)
Foreign currency translation adjustments	¥ 2,027	¥ (399)	\$ 12,675
Defined retirement benefit plans:			
Adjustments arising during the year	¥ 3,527	¥ (164)	\$ 22,057
Reclassification adjustments to profit or loss	(32)	50	(200)
Amount before income tax effect	3,495	(114)	21,857
Income tax effect	1,753	(331)	10,962
Total	¥ 1,742	¥ 217	\$ 10,895
Share of other comprehensive income in unconsolidated subsidiaries and associated companies:			
Gains arising during the year	¥ 176	¥ 35	\$ 1,101
Amount before income tax effect	176	35	1,101
Total	¥ 176	¥ 35	\$ 1,101
Total other comprehensive income (loss)	¥ 4,699	¥ (1,899)	\$ 29,387

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 2026 and 2025 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Receivables from contracts with customers:			
Balance at beginning of year	¥ 49,916	¥ 54,064	\$ 312,170
Balance at end of year	48,883	49,916	305,712
Contract assets:			
Balance at beginning of year	1,801	1,970	11,265
Balance at end of year	1,621	1,801	10,135
Contract liabilities:			
Balance at beginning of year	34,036	35,036	212,855
Balance at end of year	29,767	34,036	186,163

Notes:1.The amounts of recognized revenue included in the amounts of contract liabilities at the beginning of the fiscal years were ¥23,788 million (\$148,770 thousand) and ¥24,161 million for the fiscal years ended March 31, 2026 and 2025, 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, 2026 and 2025:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Within one year	¥ 52,992	¥ 69,217	\$ 331,405
After one year	17,165	8,838	107,350
Total	¥ 70,157	¥ 78,055	\$ 438,755

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					
	2026					
	Reportable Segments				Reconciliations	Consolidated
	Scientific Instruments	Industrial Equipment	Medical Equipment	Total		
Sales:						
Japan	¥ 40,238	¥ 6,855	¥ 11,695	¥ 58,788		¥ 58,788
North, Central and South America	20,855	4,427	2,354	27,636		27,636
China	18,497	16,470	643	35,610		35,610
Other	36,706	20,380	234	57,320		57,320
Revenue from contracts with customers	116,296	48,132	14,926	179,354		179,354
Sales to external customers	116,296	48,132	14,926	179,354		179,354
Intersegment sales or transfers						
Total	¥ 116,296	¥ 48,132	¥ 14,926	¥ 179,354		¥ 179,354
Segment profit	¥ 13,070	¥ 19,363	¥ 64	¥ 32,497	¥ (6,480)	¥ 26,017
Segment assets	122,827	51,346	18,003	192,176	49,850	242,026
Other:						
Depreciation	3,334	1,417	318	5,069	300	5,369
Increase in property, plant and equipment and intangible assets	15,494	2,801	335	18,630	1,552	20,182

Notes:1. Reconciliations of:

- Segment profit amounting to ¥(6,480) 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 ¥49,850 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 ¥300 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 ¥1,552 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					
	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.

	Thousands of U.S. Dollars					
	2026					
	Reportable Segments				Reconciliations	Consolidated
	Scientific Instruments	Industrial Equipment	Medical Equipment	Total		
Sales:						
Japan	\$ 251,644	\$ 42,870	\$ 73,142	\$ 367,656		\$ 367,656
North, Central and South America	130,428	27,683	14,724	172,835		172,835
China	115,676	103,004	4,019	222,699		222,699
Other	229,553	127,453	1,467	358,473		358,473
Revenue from contracts with customers	727,301	301,010	93,352	1,121,663		1,121,663
Sales to external customers	727,301	301,010	93,352	1,121,663		1,121,663
Intersegment sales or transfers						
Total	\$ 727,301	\$ 301,010	\$ 93,352	\$ 1,121,663		\$ 1,121,663
Segment profit	\$ 81,736	\$ 121,097	\$ 401	\$ 203,234	\$ (40,523)	\$ 162,711
Segment assets	768,153	321,112	112,586	1,201,851	311,760	1,513,611
Other:						
Depreciation	20,848	8,864	1,991	31,703	1,875	33,578
Increase in property, plant and equipment and intangible assets	96,897	17,517	2,096	116,510	9,707	126,217

Notes:1. Reconciliations of:

- Segment profit amounting to \$(40,523) 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 \$311,760 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 \$1,875 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 \$9,707 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 ¥24,397 million (\$152,577 thousand) attributable to the United States.

b. Property, plant and equipment

Millions of Yen		
2026		
Japan	Other	Total
¥ 31,552	¥ 6,376	¥ 37,928

Millions of Yen		
2025		
Japan	Other	Total
¥ 18,602	¥ 5,506	¥ 24,108

Thousands of U.S. Dollars		
2026		
Japan	Other	Total
\$ 197,323	\$ 39,875	\$ 237,198

(3) Information about Major Customers

Information for the year ended March 31, 2026 and 2025, 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, 2026, was as follows:

	Millions of Yen					
	2026					
	Reportable Segments				Reconciliations	Consolidated
	Scientific Instruments	Industrial Equipment	Medical Equipment	Total		
Impairment loss	¥ 233			¥ 233		¥ 233

	Thousands of U.S. Dollars					
	2026					
	Reportable Segments				Reconciliations	Consolidated
	Scientific Instruments	Industrial Equipment	Medical Equipment	Total		
Impairment loss	\$ 1,457			\$ 1,457		\$ 1,457

(5) Information about Goodwill by Reportable Segment

	Millions of Yen					
	2026					
	Reportable Segments				Reconciliations	Consolidated
	Scientific Instruments	Industrial Equipment	Medical Equipment	Total		
Amortization of goodwill	¥ 93	¥ 48		¥ 141		¥ 141
Goodwill at March 31, 2026	596	189		785		785

	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

	Thousands of U.S. Dollars					
	2026					
	Reportable Segments				Reconciliations	Consolidated
	Scientific Instruments	Industrial Equipment	Medical Equipment	Total		
Amortization of goodwill	\$ 585	\$ 299		\$ 884		\$ 884
Goodwill at March 31, 2026	3,732	1,180		4,912		4,912

(6) Information about Negative Goodwill by Reportable Segment

There was no negative goodwill for the years ended March 31, 2026 and 2025.

21 SUBSEQUENT EVENTS

a. Appropriation of Retained Earnings

The following appropriation of retained earnings at March 31, 2026, was approved at the shareholders' meeting held on June 25, 2026:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥79 (\$0.49) per share	¥ 3,889	\$ 24,324

b. Transfer of Business of a Consolidated Subsidiary

On April 1, 2026, the Company transferred its Medical Equipment Business to K.K. Medical Equipment Business Split Preparation Company (the "New Company"), a company newly established by the Company, through an absorption-type company split (the "Company Split"). Subsequently, the Company transferred all shares of the New Company to Sysmex Corporation (the "Share Transfer").

1. Overview of the Company Split

- (1) Method of the Company Split
The Company Split was conducted as an absorption-type company split in which the New Company was the successor company, without consideration.
- (2) Overview of the Business Transferred
a. Description of the Business Transferred
Manufacture, sale, research and development of medical equipment, as well as related activities including outsourced processing of products and parts, maintenance and services, and procurement and sale of peripheral equipment.
b. Operating Results of the Business Transferred
The operating results of the transferred business for the year ended March 31, 2026, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Net sales	¥ 14,927	\$ 93,352
Operating profit	64	401

- (3) Amounts of Assets and Liabilities Transferred (As of March 31, 2026)
The amount was under review by the relevant parties and had not yet been finalized.
- (4) Name of the Reportable Segment Including the Transferred Business
Medical Equipment Business

- (5) Summary of Accounting Treatment
The transaction is expected to be accounted for as a transaction under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019) and the Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, January 16, 2019).

2. Overview of the Share Transfer

(1) Method of the Company Split

Name	K.K. Medical Equipment Business Split Preparation Company (renamed Sysmex BioMajesty Co., Ltd. on April 1, 2026)
Location	2-11-1 Inadaira, Musashimurayama-shi, Tokyo, Japan
Representative	Mineharu Takayama, President and Representative Director
Business Activities	Medical Equipment Manufacturing, Sales & R&D Contract Processing of Related Products & Components Maintenance & Services Procurement & Sales of Peripheral Equipment
Capital	¥95 million (\$594 thousand)
Date of Establishment	September 2025

(2) Number of Shares Transferred, Transfer Price, Gain or Loss on Transfer, and Ownership Ratio Before and After the Transfer

Number of Shares Held Before the Transfer	50 shares (Voting rights ownership ratio: 100.0%)
Number of Shares Transferred	50 shares (Voting rights ownership ratio: 100.0%)
Number of Shares Held After the Transfer	0 shares (Voting rights ownership ratio: 0.0%)
Transfer Price	¥11,519 million (\$72,036 thousand)
Gain on Transfer	¥158 million (\$991 thousand)

The transfer price and the gain on transfer are calculated based on the confirmed contingent consideration.

Independent Auditor's Report



Deloitte Touche Tohmatsu LLC
Marunouchi Nijubashi Building
3-2-3 Marunouchi
Chiyoda-ku, Tokyo 100-8360
Japan
Tel: +81 (3) 6213 1000
Fax: +81 (3) 6213 1005
www.deloitte.com/jp/en

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, 2026, 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, 2026, 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, including the ethical requirements that are relevant to audits of the financial statements of public interest entities, 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 Matters

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

Revenue recognition from Scientific Instruments and Industrial Instruments sales	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
Consolidated net sales for the current fiscal year were ¥179,354 million. As stated in Note 20, "SEGMENT INFORMATION" to the consolidated financial statements, the Group's sales are mainly derived from ¥116,295 million in Scientific Instruments segment and ¥48,132 million in Industrial Equipment segment. These sales comprised 65% and 27% 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. 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. 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. 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. 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 the satisfaction of individual performance obligations in each contract. As a contract may include multiple performance obligations, if the timing of revenue recognition is inappropriate, it may have a significant impact on sales and profits.	Our testing of revenue recognition included, among others, the following procedures: (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. (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: • 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 the satisfaction of performance obligations, we inspected documents related to sales orders and certificate of installation. (3) We performed statistical sampling on the sales of Industrial Equipment segment in relation to the semiconductor business with the following procedures: • 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 the satisfaction of performance obligations, we inspected documents related to sales orders and certificate of installation. (4) We performed the following procedures for the revenue from contracts with multiple performance obligations: • 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.

Accordingly, we determined occurrence and cutoff in revenue recognition of Scientific Instruments and Industrial Equipment Instruments as the key audit matter.	• We involved IT specialists in our 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 transactions selected, we validated the timing of the satisfaction of performance obligations and the appropriateness of the sales amounts with customers.
---	--

Valuation of nonmarketable securities	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
As stated in the consolidated balance sheet, JEOL Ltd. (the "Company") recorded investment securities of ¥13,276 million, including the nonmarketable securities of ¥4,524 million. 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. 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. 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. In addition, the measurement of fair value requires a high level of expertise in selecting valuation methods appropriate for the investee and in determining inputs such as discount rates used in the valuation assumptions. 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.	Our testing of the valuation of nonmarketable securities included, among others, the following procedures: (1) Internal Control Evaluation 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. (2) Fair Value of Nonmarketable Securities • 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 primary 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 information. • 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 data sources).

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, 2026, which were charged by us and our network firms to JEOL Ltd. and its subsidiaries were ¥91 million and ¥28 million, respectively.

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

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Hiroyuki Motegi
Designated Engagement Partner
Certified Public Accountant

Hideaki Takagi
Designated Engagement Partner
Certified Public Accountant

Deloitte Touche Tohmatsu LLC
September 16, 2026