



Detailed Consolidated Financial Statements

Years ended March 31, 2026 and 2025

Consolidated Statements of Financial Position

As of March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
ASSETS			
Current assets			
Cash and cash equivalents (Note 8)	¥ 183,113	¥ 170,615	\$ 1,145,315
Trade receivables (Note 9)	327,640	349,481	2,049,287
Inventories (Note 10)	414,466	442,763	2,592,357
Other financial assets (Notes 11 and 37)	34,749	38,618	217,344
Other current assets (Note 12)	33,191	32,052	207,600
Subtotal	993,159	1,033,529	6,211,903
Assets held for sale (Note 13)	—	7,642	—
Total current assets	993,159	1,041,171	6,211,903
Non-current assets			
Property, plant and equipment (Note 14)	672,745	623,097	4,207,812
Right-of-use assets (Note 15)	48,039	46,143	300,469
Goodwill (Note 16)	24,782	21,122	155,004
Intangible assets (Note 16)	73,195	66,202	457,812
Investment property (Note 17)	21,744	21,666	136,002
Investments accounted for using equity method (Note 19)	156,208	168,274	977,033
Other financial assets (Notes 11 and 37)	99,075	93,618	619,684
Retirement benefit assets (Note 24)	48,339	57,745	302,346
Deferred tax assets (Note 35)	5,382	5,083	33,663
Other non-current assets (Note 12)	8,984	9,832	56,190
Total non-current assets	1,158,493	1,112,782	7,246,015
Total assets	¥2,151,652	¥2,153,953	\$13,457,918

The accompanying notes are an integral part of these consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Trade payables (Note 20)	¥ 133,628	¥ 157,742	\$ 835,802
Bonds and borrowings (Note 21)	296,727	282,488	1,855,936
Income taxes payable	6,075	6,106	37,997
Other financial liabilities (Notes 22 and 37)	103,361	110,625	646,491
Provisions (Note 25)	1,857	1,177	11,615
Other current liabilities (Note 26)	49,453	45,643	309,313
Subtotal	591,101	603,781	3,697,154
Liabilities directly associated with assets held for sale (Note 13)	—	2,146	—
Total current liabilities	591,101	605,927	3,697,154
Non-current liabilities			
Bonds and borrowings (Note 21)	443,464	455,489	2,773,730
Other financial liabilities (Notes 22 and 37)	53,017	53,025	331,605
Retirement benefit liabilities (Note 24)	16,926	16,941	105,867
Provisions (Note 25)	7,297	7,115	45,640
Deferred tax liabilities (Note 35)	50,879	44,714	318,232
Other non-current liabilities (Note 26)	184	138	1,152
Total non-current liabilities	571,767	577,422	3,576,226
Total liabilities	1,162,868	1,183,349	7,273,380
Equity			
Share capital (Note 27)	125,738	125,738	786,452
Capital surplus (Note 27)	51,100	55,079	319,614
Treasury stock (Note 27)	(56,991)	(42,652)	(356,461)
Retained earnings (Note 27)	626,617	618,307	3,919,296
Other components of equity (Note 27)	118,263	91,812	739,699
Total equity attributable to owners of the parent	864,727	848,284	5,408,600
Non-controlling interests	124,057	122,320	775,938
Total equity	988,784	970,604	6,184,538
Total liabilities and equity	¥2,151,652	¥2,153,953	\$13,457,918

Consolidated Statements of Income

For the years ended March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026
Sales revenue (Note 29)	¥ 1,668,754	¥ 1,809,164	\$10,437,541
Cost of sales	(1,288,244)	(1,420,872)	(8,057,569)
Gross profit	380,510	388,292	2,379,972
Selling, general and administrative expenses (Notes 30 and 32)	(294,540)	(295,352)	(1,842,257)
Other operating income (Note 33)	8,266	5,322	51,702
Other operating expenses (Note 33)	(37,634)	(32,355)	(235,389)
Share of profit of investments accounted for using equity method (Note 19)	17,207	12,429	107,624
Operating income	73,809	78,336	461,652
Financial income (Note 34)	11,226	8,013	70,216
Financial expenses (Note 34)	(16,427)	(14,702)	(102,746)
Income before income taxes	68,608	71,647	429,122
Income tax expense (Note 35)	(21,698)	(29,018)	(135,714)
Net income	46,910	42,629	293,408
Net income attributable to:			
Owners of the parent	34,378	32,242	215,024
Non-controlling interests	12,532	10,387	78,384
Net income	¥ 46,910	¥ 42,629	\$ 293,408
		Yen	U.S. dollars
Earnings per share			
Basic earnings per share (Yen) (Note 36)	¥91.62	¥85.28	\$0.573

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Comprehensive Income

For the years ended March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026
Net income	¥46,910	¥42,629	\$293,408
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income (Note 27)	6,077	(2,360)	38,010
Remeasurements of defined benefit plans (Note 27)	326	(6,281)	2,039
Share of other comprehensive income of investments accounted for using equity method (Notes 19 and 27)	535	(458)	3,346
Total of items that will not be reclassified to profit or loss	6,938	(9,099)	43,395
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations (Note 27)	22,188	318	138,779
Effective portion of net change in fair value of cash flow hedges (Note 27)	67	(6)	419
Share of other comprehensive income of investments accounted for using equity method (Notes 19 and 27)	3,595	863	22,486
Total of items that may be reclassified to profit or loss	25,850	1,175	161,684
Total other comprehensive income, net of tax	32,788	(7,924)	205,079
Comprehensive income	¥79,698	¥34,705	\$498,487
Comprehensive income attributable to:			
Owners of the parent	62,932	22,999	393,621
Non-controlling interests	16,766	11,706	104,866
Comprehensive income	¥79,698	¥34,705	\$498,487

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Equity

For the year ended March 31, 2026

	Millions of yen											
	Equity attributable to owners of the parent					Other components of equity						
	Share capital	Capital surplus	Treasury stock	Retained earnings	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Exchange differences on translation of foreign operations	Effective portion of net change in fair value of cash flow hedges	Total	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance as of April 1, 2025	¥125,738	¥55,079	¥(42,652)	¥618,307	¥19,984	¥ —	¥71,820	¥ 8	¥ 91,812	¥848,284	¥122,320	¥970,604
Net income	—	—	—	34,378	—	—	—	—	—	34,378	12,532	46,910
Other comprehensive income	—	—	—	—	6,350	347	21,813	44	28,554	28,554	4,234	32,788
Total comprehensive income	—	—	—	34,378	6,350	347	21,813	44	28,554	62,932	16,766	79,698
Purchase of treasury stock (Note 27)	—	—	(17,295)	—	—	—	—	—	—	(17,295)	—	(17,295)
Disposal of treasury stock (Notes 27 and 31)	—	(2,535)	2,956	—	—	—	—	—	—	421	—	421
Dividends (Note 28)	—	—	—	(28,171)	—	—	—	—	—	(28,171)	(15,027)	(43,198)
Change in scope of consolidation	—	—	—	—	—	—	—	—	—	—	(7)	(7)
Transactions with non-controlling interests	—	(1,444)	—	—	—	—	—	—	—	(1,444)	5	(1,439)
Transfer from other components of equity to retained earnings	—	—	—	2,103	(1,756)	(347)	—	—	(2,103)	—	—	—
Total transactions with owners	—	(3,979)	(14,339)	(26,068)	(1,756)	(347)	—	—	(2,103)	(46,489)	(15,029)	(61,518)
Balance as of March 31, 2026	¥125,738	¥51,100	¥(56,991)	¥626,617	¥24,578	¥ —	¥93,633	¥52	¥118,263	¥864,727	¥124,057	¥988,784

	Thousands of U.S. dollars											
	Equity attributable to owners of the parent					Other components of equity						
	Share capital	Capital surplus	Treasury stock	Retained earnings	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Exchange differences on translation of foreign operations	Effective portion of net change in fair value of cash flow hedges	Total	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance as of April 1, 2025	\$786,452	\$344,502	\$(266,775)	\$3,867,319	\$124,994	\$ —	\$449,212	\$ 50	\$574,256	\$5,305,754	\$765,074	\$6,070,828
Net income	—	—	—	215,024	—	—	—	—	—	215,024	78,384	293,408
Other comprehensive income	—	—	—	—	39,717	2,171	136,434	275	178,597	178,597	26,482	205,079
Total comprehensive income	—	—	—	215,024	39,717	2,171	136,434	275	178,597	393,621	104,866	498,487
Purchase of treasury stock (Note 27)	—	—	(108,175)	—	—	—	—	—	—	(108,175)	—	(108,175)
Disposal of treasury stock (Notes 27 and 31)	—	(15,856)	18,489	—	—	—	—	—	—	2,633	—	2,633
Dividends (Note 28)	—	—	—	(176,201)	—	—	—	—	—	(176,201)	(93,989)	(270,190)
Change in scope of consolidation	—	—	—	—	—	—	—	—	—	—	(44)	(44)
Transactions with non-controlling interests	—	(9,032)	—	—	—	—	—	—	—	(9,032)	31	(9,001)
Transfer from other components of equity to retained earnings	—	—	—	13,154	(10,983)	(2,171)	—	—	(13,154)	—	—	—
Total transactions with owners	—	(24,888)	(89,686)	(163,047)	(10,983)	(2,171)	—	—	(13,154)	(290,775)	(94,002)	(384,777)
Balance as of March 31, 2026	\$786,452	\$319,614	\$(356,461)	\$3,919,296	\$153,728	\$ —	\$585,646	\$325	\$739,699	\$5,408,600	\$775,938	\$6,184,538

For the year ended March 31, 2025

	Millions of yen											
	Equity attributable to owners of the parent					Other components of equity						
	Share capital	Capital surplus	Treasury stock	Retained earnings	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Exchange differences on translation of foreign operations	Effective portion of net change in fair value of cash flow hedges	Total	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance as of April 1, 2024	¥125,738	¥55,027	¥(32,751)	¥617,400	¥25,385	¥ —	¥72,052	¥ (0)	¥97,437	¥862,851	¥121,955	¥984,806
Net income	—	—	—	32,242	—	—	—	—	—	32,242	10,387	42,629
Other comprehensive income	—	—	—	—	(2,736)	(6,283)	(232)	8	(9,243)	(9,243)	1,319	(7,924)
Total comprehensive income	—	—	—	32,242	(2,736)	(6,283)	(232)	8	(9,243)	22,999	11,706	34,705
Purchase of treasury stock (Note 27)	—	—	(10,031)	—	—	—	—	—	—	(10,031)	—	(10,031)
Disposal of treasury stock (Notes 27 and 31)	—	52	130	—	—	—	—	—	—	182	—	182
Dividends (Note 28)	—	—	—	(27,572)	—	—	—	—	—	(27,572)	(9,279)	(36,851)
Change in scope of consolidation	—	—	—	(145)	—	—	—	—	—	(145)	(2,067)	(2,212)
Transactions with non-controlling interests	—	—	—	—	—	—	—	—	—	—	5	5
Transfer from other components of equity to retained earnings	—	—	—	(3,618)	(2,665)	6,283	—	—	3,618	—	—	—
Total transactions with owners	—	52	(9,901)	(31,335)	(2,665)	6,283	—	—	3,618	(37,566)	(11,341)	(48,907)
Balance as of March 31, 2025	¥125,738	¥55,079	¥(42,652)	¥618,307	¥19,984	¥ —	¥71,820	¥ 8	¥91,812	¥848,284	¥122,320	¥970,604

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026
Cash flows from operating activities			
Income before income taxes	¥ 68,608	¥ 71,647	\$ 429,122
Depreciation and amortization	104,744	99,768	655,141
Impairment loss (Note 18)	21,913	18,515	137,059
Gain on negative goodwill	(2,585)	—	(16,168)
Insurance income	(3,854)	(2,683)	(24,106)
Interest and dividend income	(8,045)	(7,238)	(50,319)
Interest expenses	7,946	7,827	49,700
Share of loss (profit) of investments accounted for using equity method	(17,207)	(12,429)	(107,624)
Decrease (increase) in trade receivables	31,347	23,334	196,066
Decrease (increase) in inventories	38,387	5,550	240,099
Increase (decrease) in trade payables	(30,304)	(20,217)	(189,542)
Others	4,519	24,840	28,264
Subtotal	215,469	208,914	1,347,692
Interest and dividends received	18,614	15,029	116,425
Proceeds from insurance income	3,854	2,683	24,106
Interest paid	(8,432)	(8,017)	(52,740)
Income taxes refund (paid)	(16,517)	(18,108)	(103,309)
Net cash provided by (used in) operating activities	212,988	200,501	1,332,174
Cash flows from investing activities			
Purchase of property, plant and equipment	(128,242)	(121,213)	(802,114)
Proceeds from sale of property, plant and equipment	588	284	3,678
Purchase of intangible assets	(9,517)	(17,193)	(59,526)
Proceeds from sale of intangible assets	1	0	6
Purchase of investment securities	(3,672)	(38,768)	(22,967)
Proceeds from sale and redemption of investment securities	5,468	2,827	34,201
Payments for acquisition of subsidiaries	(3,706)	—	(23,180)
Proceeds from acquisition of subsidiaries	346	—	2,164
Payments for sale of subsidiaries	(142)	(759)	(888)
Proceeds from sale of subsidiaries	5,456	10,897	34,126
Purchase of equity accounted investments	(1)	—	(6)
Proceeds from sale of equity accounted investments	13	79	81
Others	(1,363)	(1,166)	(8,526)
Net cash provided by (used in) investing activities	(134,771)	(165,012)	(842,951)
Cash flows from financing activities			
Increase (decrease) in short-term borrowings (Note 23)	(38,558)	28,071	(241,168)
Increase (decrease) in commercial papers (Note 23)	41,000	(82,000)	256,442
Proceeds from long-term borrowings (Note 23)	43,631	31,470	272,898
Repayments of long-term borrowings (Note 23)	(9,360)	(29,937)	(58,544)
Proceeds from issuance of bonds (Note 23)	—	40,000	—
Redemption of bonds (Note 23)	(40,000)	(5,000)	(250,188)
Repayments of lease liabilities (Note 23)	(9,796)	(9,762)	(61,271)
Proceeds from sale of treasury stock	4	4	25
Purchase of treasury stock	(17,295)	(10,311)	(108,175)
Dividends paid (Note 28)	(28,171)	(27,572)	(176,201)
Capital contribution from non-controlling interests	5	5	31
Dividends paid to non-controlling interests	(15,023)	(9,685)	(93,964)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(2,369)	—	(14,817)
Others	1	—	7
Net cash provided by (used in) financing activities	(75,931)	(74,437)	(474,925)
Effect of exchange rate changes on cash and cash equivalents	10,212	(729)	63,873
Net increase (decrease) in cash and cash equivalents	12,498	(39,677)	78,171
Cash and cash equivalents at the beginning of period (Note 8)	170,615	210,292	1,067,144
Cash and cash equivalents at end of period (Note 8)	¥ 183,113	¥ 170,615	\$ 1,145,315

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

1. Reporting Entity

Mitsui Chemicals, Inc. (hereinafter the "Company") is a company incorporated in Japan and is listed on the Prime Market of the Tokyo Stock Exchange. The address of its registered head office is disclosed on the Company's website (<https://jp.mitsuicheicals.com/en/>).

The consolidated financial statements of the Company and its subsidiaries (hereinafter collectively the "Group") with a closing date as of March 31 comprise the Group and the Group's interests in affiliates and joint arrangements.

The Group is primarily engaged in business activities related to the manufacture and sale of goods or services in the Life & Healthcare Solutions, Mobility Solutions, ICT Solutions, and Basic & Green Materials segments.

The main businesses and principal business activities of the Group are stated in Note 6 "Segment Information (1) Overview of reportable segments."

2. Basis of Preparation

(1) Compliance with IFRS

The consolidated financial statements of the Group have been prepared in compliance with IFRS published by the International Accounting Standards Board. In addition, since the Company qualifies as a "specified company complying with designated international accounting standards" prescribed in Article 1-2 of the Regulation on Consolidated Financial Statements, the provisions of Article 312 of that Regulation are applied.

The Group's consolidated financial statements were approved on June 22, 2026 by Satoshi Ichimura, Representative Director, Member of the Board, President & CEO.

(2) Functional currency and presentation currency

The consolidated financial statements of the Group are presented in Japanese yen, which is the Company's functional currency, and figures are rounded to the nearest million yen. The translation of yen amounts into U.S. dollar amounts is included solely for the convenience of readers, using ¥159.88=US\$1.00, the approximate rate of exchange in effect on March 31, 2026. The translation should not be construed as a representation that yen amounts have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

3. Material Accounting Policies

(1) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities that are controlled by the Group. Control is deemed to be achieved when the Group is exposed or has rights to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements of the Group from the date when control is obtained until the date when it is lost.

Changes in ownership interests in subsidiaries that do not result in loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity attributable to owners of the parent. Upon loss of control over a subsidiary, the Group remeasures any retained investment in the subsidiary at fair value at the date of loss of control and recognizes gains or losses resulting from the loss of control in profit or loss.

(ii) Affiliates and joint arrangements

Affiliates are entities in which the Group has significant influence over the financial and operating policies but does not have control or joint control. The Group is presumed to have significant influence over another entity when it holds at least 20% but 50% or less of the voting rights of the entity.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as joint operations or joint ventures depending on the rights and obligations of the parties to the arrangement.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

If the Group has an interest in a joint operation, the Group only recognizes an amount equivalent to its share of the assets, liabilities, revenues and expenses generated from the joint operation.

The balances of receivables and payables and transactions among the Group and its joint operations, as well as unrealized gains or losses arising from these transactions are eliminated in preparing the consolidated financial statements.

When an entity ceases to be an affiliate or joint venture and is no longer accounted for using the equity method, the Group remeasures any retained investment in the entity at fair value at the date of discontinuing the use of the equity method and recognizes gains or losses resulting from the discontinued use of the equity method in profit or loss, except when the entity becomes a consolidated subsidiary.

(2) Business combinations

Business combinations are accounted for using the acquisition method. Identifiable assets and liabilities assumed of an acquiree are, in principle, measured at their acquisition-date fair value.

Goodwill is recognized as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree; over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. Conversely, any negative goodwill is immediately recognized in profit or loss.

The consideration transferred is measured as the sum of the fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer.

The Group elects to measure non-controlling interest in the acquiree for each business combination at either fair value or at the proportionate share of the recognized amounts of identifiable net assets.

If initial accounting for a business combination is incomplete by the end of the period in which the combination occurs, the items for which the accounting is incomplete are measured at provisional amounts. Those provisional amounts recognized at the acquisition date are retrospectively adjusted if new information obtained within one year from the acquisition date, i.e., measurement period, would have affected the measurement of the amounts recognized at the acquisition date.

If a business combination is achieved in stages, the Group remeasures its previously held equity interests in the acquiree at its acquisition-date fair value, and recognizes the resulting gains or losses, if any, in profit or loss or other comprehensive income.

Additional acquisition of non-controlling interests is accounted for as an equity transaction, and therefore goodwill is not recognized with respect to such a transaction.

(3) Foreign currency translation

(i) Foreign currency transactions

Foreign currency transactions are translated into respective functional currencies of the Company and its subsidiaries at the spot exchange rate at the date of the transaction or at the exchange rate that approximates the spot exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the fiscal year-end are translated into each functional currency at the exchange rate at the fiscal year-end. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currencies at the exchange rate prevailing at the date that the fair value was determined.

Exchange differences arising from such translations and settlements are recognized in profit or loss. However, exchange differences arising from equity instruments measured through other comprehensive income and cash flow hedges are recognized in other comprehensive income.

(ii) Translation of foreign operations

Assets and liabilities of foreign operations are translated into Japanese yen at the prevailing exchange rate at the fiscal year-end. Revenues and expenses are translated into Japanese yen at the average exchange rate during the period, except when the exchange rate fluctuates significantly. Exchange differences arising from such translations are recognized in other comprehensive income.

On the disposal of the entire interest in a foreign operation, or on the partial disposal of an interest in a foreign operation that involves the loss of control of a subsidiary or loss of significant influence over an affiliate, the cumulative amount of the exchange differences relating to that foreign operation is recognized in profit or loss at the time of disposal.

(4) Financial instruments

(i) Financial assets (excluding derivatives)

i) Initial recognition and measurement

Under IFRS 15 "Revenue from Contracts with Customers," the Group initially recognizes trade receivables when it satisfies its performance obligations and acquires unconditional rights to consideration. All other financial assets are initially recognized on the transaction date when the Group becomes a party to the contractual provisions of the assets.

At initial recognition, the Group classifies financial assets into those measured at amortized cost, those measured at fair value through profit or loss and those measured at fair value through other comprehensive income.

Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

- the financial assets are held based on a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments are classified as financial assets measured at fair value through other comprehensive income if both of the following conditions are met. All other debt instruments are classified as financial assets measured at fair value through profit or loss.

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

Equity instruments, excluding those held for trading purposes, are designated as financial assets measured at fair value through profit or loss, or through other comprehensive income, as specified for each equity instrument. Such designations are applied consistently.

Financial assets are initially measured at fair value plus transaction costs that are directly attributable to the financial assets.

However, transaction costs attributable to financial assets measured at fair value through profit or loss are recognized in profit or loss as incurred.

ii) Subsequent measurement

After their initial recognition, financial assets are measured according to their classification as follows:

(a) Financial assets measured at amortized cost

Financial assets measured at amortized cost are measured at amortized cost using the effective interest method.

(b) Financial assets measured at fair value

Financial assets other than those measured at amortized cost are measured at fair value.

Changes in fair value of financial assets measured at fair value are recognized in profit or loss or other comprehensive income.

For equity instruments that are designated as measured at fair value through other comprehensive income, changes in fair value are recognized in other comprehensive income and reclassified to retained earnings in case of derecognition or significant decrease in fair value.

iii) Derecognition

The Group derecognizes financial assets when contractual rights to cash flows from the financial assets expire or when the contractual rights to receive cash flows from the financial assets are transferred and substantially all the risks and rewards of ownership of the financial asset are thereby transferred.

iv) Impairment

At each fiscal year-end, the Group assesses whether the credit risk on a financial asset measured at amortized cost or a financial guarantee contract has increased significantly since initial recognition.

The Group measures allowance for doubtful accounts for financial assets at an amount equal to the lifetime expected credit losses if the credit risk on those financial assets has increased significantly since initial recognition.

If the credit risk on the financial assets has not significantly increased since its initial recognition, the Group measures allowance for doubtful accounts for financial assets at an amount equal to 12-month expected credit losses.

However, the Group always measures allowance for doubtful accounts at an amount equal to lifetime expected credit losses for trade receivables and lease receivables.

When determining whether the credit risk of a financial asset has increased significantly since its initial recognition, the Group evaluates by comparing the risk of a default occurring on the financial assets at each fiscal year-end with the risk of a default occurring on the financial assets at the date of initial recognition. The Group considers reasonable and supportable information about past events, current conditions and forecasts of future economic conditions that are available without excessive cost or effort (e.g., internal credit rating, external credit rating, etc.), as well as past due information.

Any financial assets are treated as credit-impaired financial assets if there is a request for changing terms and conditions for repayment from a debtor, serious financial difficulties of the debtor, or commencement of legal liquidation procedures due to bankruptcy and others of the debtor, etc. For any amount that cannot reasonably be expected to be recovered in the future, the carrying amount of financial assets is directly reduced, and the amount of corresponding allowance for doubtful accounts is also reduced.

Expected credit losses on financial instruments are measured as the present value of the difference between the contractual cash flows that are due to the Group and the cash flows that the Group expects to receive, and are recognized in profit or loss.

(ii) Financial liabilities (excluding derivatives)

i) Initial recognition and measurement

At initial recognition, financial liabilities are classified as financial liabilities measured at amortized cost and financial liabilities measured at fair value through profit or loss. All financial liabilities are measured at fair value at initial recognition. However, financial liabilities measured at amortized cost are measured at fair value less directly attributable transaction costs.

ii) Subsequent measurement

After initial recognition, financial liabilities are measured according to their classification as follows:

(a) Financial liabilities measured at amortized cost

After their initial recognition, financial liabilities measured at amortized cost are measured at amortized cost using the effective interest method. Amortization using the effective interest method and gains or losses arising in the case of derecognition are recognized in profit or loss.

(b) Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss are measured at fair value, and any changes in fair value are recognized in profit or loss.

iii) Derecognition

The Group derecognizes financial liabilities when they are extinguished; i.e., when the contractual obligation is performed or when the obligation specified in the contract is discharged, canceled or expires.

(iii) Derivatives and hedge accounting

The Group uses derivatives such as forward exchange contracts, currency swaps and interest rate swaps to hedge foreign exchange fluctuation risk and interest rate fluctuation risk. These derivatives are initially measured at fair value at the date the contracts are entered into and are subsequently remeasured at fair value.

Changes in fair value of derivatives are recognized in profit or loss. However, the effective portion of cash flow hedge is recognized in other comprehensive income in the consolidated statements of comprehensive income.

At the inception of the hedge, the Group formally designates and documents hedging relationships to which hedge accounting applies and the risk management objectives and strategies for undertaking the hedges. The documentation includes identifying hedging instruments, the hedged items or transactions, the nature of the risk being hedged, and the methods of assessing the effectiveness of changes in fair value of the hedging instruments (including methods for analyzing the causes of ineffective hedging and determining the hedge ratio) in offsetting the exposures to the changes in fair value or cash flows of hedged items attributable to hedged risks.

At the inception of the hedge and on an ongoing basis, the Group assesses whether a derivative used in the hedge transaction is effective in offsetting changes in fair value or cash flows of hedged items.

Hedges that meet the criteria for hedge accounting are classified and accounted for as follows.

i) Fair value hedges

Changes in fair value of hedging instruments are recognized in profit or loss. Changes in fair value of hedged items attributable to the hedged risks are recognized in profit or loss, adjusting the carrying amount of the hedged item.

ii) Cash flow hedges

The effective portion of changes in fair value of hedging instruments is recognized in other comprehensive income, while the ineffective portion is recognized in profit or loss.

The amounts associated with the hedging instruments recognized in other comprehensive income are reclassified to profit or loss when the hedged transactions affect profit or loss. If a hedged item results in the recognition of a non-financial asset or a non-financial liability, the associated amount recognized in other comprehensive income is reclassified as adjustment to the initial carrying amount of the non-financial asset or the non-financial liability.

Hedge accounting is discontinued when a forecast transaction is no longer deemed to have a high probability of occurring. Furthermore, when a forecast transaction is no longer expected to occur, the cumulative gain or loss recognized in other comprehensive income is reclassified to profit or loss.

(iv) Offsetting of financial assets and financial liabilities

The Group offsets financial assets and financial liabilities and presents them as a net amount only when it currently holds a legally enforceable right to offset the amounts recognized as assets and liabilities and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(5) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition that are readily convertible to cash and subject to an insignificant risk of changes in value.

(6) Inventories

Inventories are recognized at the lower of cost and net realizable value. The cost of inventories is determined mainly by using the weighted-average cost formula and comprises costs of purchase, costs of conversion and all costs incurred in bringing the inventories to the present location and condition.

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

When the carrying amount of non-current assets (or disposal groups) is recovered principally through a sale transaction rather than through continuing use, the non-current assets (or disposal groups) are classified as held for sale and presented to current assets or current liabilities.

The conditions for classifying non-current assets (or disposal groups) as held for sale are that they must be available for immediate sale in their present condition and the sale must be highly probable. The classification is also limited to when management of the Group is committed to executing the sale plan and the sale is expected to complete within one year.

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell, and are not depreciated or amortized after they are classified as held for sale.

(8) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured using the cost model and stated at cost less any accumulated depreciation and any accumulated impairment loss.

The acquisition cost includes costs directly attributable to the acquisition of the asset and initially estimated costs of dismantling, removing and restoration of the asset. In addition, borrowing costs that are directly attributable to the acquisition and construction of assets and meet certain criteria for asset recognition are recognized as part of the acquisition cost.

(ii) Depreciation

Property, plant and equipment (excluding land and other non-depreciable assets) are depreciated on a straight-line basis over their respective estimated useful lives.

The estimated useful lives of major classes of assets are as follows:

- Buildings and structures: 2 to 75 years
- Machinery and vehicles: 2 to 25 years

(9) Leases

Lessees

The Group determines that a contract is a lease or contains a lease at the time of entering into the contract. If the contract conveys the right to control the use of an identified asset for a certain period of time in exchange for consideration, the contract is determined to be a lease or contain a lease. When a contract is determined to be a lease or contain a lease, the Group recognizes a right-of-use asset and a lease liability at the commencement date of the lease.

Lease liabilities are measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If the interest rate implicit in the lease cannot easily be determined, the incremental borrowing rate is used as the discount rate. Right-of-use assets are initially measured at the amount of the initial measurement of lease liabilities, adjusted mainly by any initial direct costs and any prepaid lease payments, plus costs including obligations for restoration under the lease contract.

After initial recognition, depreciation of right-of-use assets is carried out using the straight-line method over the estimated useful life of the underlying asset if ownership of the underlying asset is transferred by the end of the lease term, or if it is reasonably certain that the lessee will exercise the purchase option. Otherwise, depreciation is carried out on a straight-line basis over the shorter of its estimated useful life and the lease term. Regarding the lease term, in addition to the non-cancellable period of the lease, it includes both the period covered by an option to extend the lease when the lessee is reasonably certain to exercise that option and the period covered by an option to cancel the lease if the lessee is reasonably certain not to exercise that option.

The Group recognizes lease payments related to short-term leases whose lease term is 12 months or less and leases for which the underlying asset is of low value as expenses on a straight-line basis over the lease terms.

Lessor

Leases are classified as either operating leases or finance leases. If the bulk of the risks and economic value associated with the ownership of the underlying asset is transferred, the lease is classified as a finance lease, and if such risks and value are not transferred, it is classified as an operating lease. Whether the lease is a finance lease or an operating lease is determined according to the substance of the transaction, not the form of the contract.

When classifying subleases, the intermediate lessor is classified by reference to the right-of-use asset arising from the head lease.

(10) Intangible assets

Intangible assets are measured using the cost model.

Separately acquired intangible assets are initially recognized at cost. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Expenditures on internally generated intangible assets are all recognized as expenses in the period when incurred, except for development expenses that satisfy the criteria for capitalization.

Intangible assets with finite useful lives are amortized on a straight-line basis over their respective estimated useful lives.

The estimated useful lives of major classes of assets are as follows:

- Software: 2 to 15 years
- Patents and technology license: 4 to 45 years
- Customer value: 7 to 30 years
- Trademarks: 2 to 20 years

(11) Investment property

Investment properties are properties held to earn rentals or for capital gains or both. They do not include properties held for sale in the ordinary course of business, for use in the production or sale of goods or services or for administrative purposes.

Investment properties are measured using the cost model. Investment properties, excluding land and other non-depreciable assets, are depreciated on a straight-line basis over their estimated useful lives, using the same estimated useful lives and depreciation method as those for property, plant and equipment.

(12) Impairment of non-financial assets

The Group assesses whether there is any indication that non-financial assets (excluding inventories, deferred tax assets, retirement benefit assets and non-current assets held for sale) may be impaired at the end of each fiscal year. If there is an indication of impairment, the Group estimates the recoverable amount of the asset or cash-generating unit (CGU) to which the asset belongs.

Goodwill and intangible assets with indefinite useful lives are not amortized and are tested for impairment annually, or whenever there is an indication of impairment.

The recoverable amount of the asset or CGU to which it belongs is the higher of its fair value less costs of disposal and its value in use.

Fair value less costs of disposal is calculated based on quoted prices in active markets, or appropriate valuation models. Value in use is calculated by discounting estimated future cash flows to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group estimates the recoverable amount of each CGU to which the asset belongs.

On or after the acquisition date, goodwill is allocated to a CGU or group of CGUs that is expected to benefit from the synergies of the business combination.

Since the Group's corporate assets do not generate independent cash inflows, the recoverable amounts are determined for the CGU or group of CGUs to which the corporate assets belong if there is any indication of impairment of the corporate assets.

Impairment loss is recognized in profit or loss when the recoverable amount of a CGU (or group of CGUs) is less than its carrying amount.

Impairment loss recognized for the CGU (or group of CGUs) is first allocated to extinguish the carrying amount of any goodwill allocated to the unit (or group), and subsequently to reduce the carrying amount of other assets in the unit on a pro-rata basis.

Impairment loss recognized in prior years for assets other than goodwill is assessed as to whether there is any indication that the losses may no longer exist or may have decreased. If any such an indication exists, the Group estimates the recoverable amount of the asset or the CGU.

If the recoverable amount exceeds the carrying amount of the asset or CGU, the impairment loss is reversed up to the carrying amount less depreciation or amortization that would have been determined had no impairment loss been recognized.

No reversal is made for impairment losses related to goodwill.

(13) Employee benefits

The Group has defined benefit plans and defined contribution plans as post-employment benefit plans for its employees.

i) Defined benefit plans

Net defined benefit liabilities or assets are calculated by deducting the fair value of the plan assets from the present value of the defined benefit obligations. If a defined benefit plan is overfunded, the net value of the defined benefit assets is measured at the lower of the overfunded amount of the plan or the asset ceiling. The Group uses the projected unit credit method to determine the present value of the defined benefit obligations, the related current service cost and the past service cost. The discount rate is determined by reference to market yield on high-quality corporate bonds having maturity terms that approximate to the estimated term of the related benefit obligations at the end of the reporting period.

Service costs and net interest on the net defined benefit liabilities or assets are recognized in profit or loss. The past service costs are recognized immediately in profit or loss. Remeasurements of net defined liabilities or assets, including actuarial gains and losses, are recognized in other comprehensive income in the period incurred and immediately reclassified from other components of equity to retained earnings.

ii) Defined contribution plans

Payments to defined contribution plans are recognized as expenses over the period in which employees render services.

(14) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be reliably estimated.

If the effect of the time value of money is significant, provisions are determined by discounting the expenditures expected to be required to settle the obligation to the present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the liability.

(15) Equity

(i) Common stock

The proceeds from issuance of common stock issued by the Company are recorded in share capital and capital surplus, and costs directly attributable to the issuance (after tax effect adjustments) are recognized as a deduction from equity.

(ii) Treasury stock

When treasury stock is acquired, the acquisition costs, including costs directly attributable to the acquisition (after tax effect adjustments), are recognized as a deduction from equity.

When treasury stock is sold, the difference between the carrying amount and the consideration on sales is recognized in capital surplus.

(16) Revenue

The Group recognizes revenue in an amount that reflects the consideration to which the Group expects to be entitled in exchange for the transfer of goods and services to customers, based on the following five-step approach.

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 individual performance obligations in the contract.

Step 5: Recognize revenue when (or as) the performance obligations are satisfied.

The Group is primarily engaged in business activities related to the manufacture and sale of goods or services in the Life & Healthcare Solutions, Mobility Solutions, ICT Solutions, and Basic & Green Materials segments. In the sale of these products, revenue is recognized upon delivery or at the time of shipment of the products depending on when the customer obtains control of the products and the performance obligations are satisfied.

In addition, revenue is determined at the amount of consideration promised in the contract with the customer less returns, discounts, rebates and others. The amount of sales revenue including variable consideration is included in transaction prices only to the extent that a significant reversal of accumulated revenue recognized is very unlikely to occur when uncertainties over the variable consideration is later dispelled.

Considerations in product sales contracts are generally collected within one year after control of the product has transferred to the customer, and do not include a significant financing component.

(17) Share-based payment

The Company has adopted a restricted stock compensation plan as an equity-settled share-based payment for directors and executive officers.

The consideration for services received is measured at fair value of the Company's shares at the grant date, and the calculated consideration is recognized as expenses in profit or loss over the period, with a corresponding amount being recognized as an increase in equity.

(18) Government grants

Government grants are recognized at fair value when there is a reasonable assurance that the Group will comply with the attached conditions and receive the grants.

Government grants related to revenue are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

The amount of government grants related to assets is deducted from the acquisition cost of the assets.

(19) Income taxes

Income taxes consist of current taxes and deferred taxes, and are recognized in profit or loss, except for taxes arising from business combinations, as well as taxes incurred from items directly recognized in other comprehensive income or equity.

Deferred taxes are recognized for temporary differences between the carrying amount of assets and liabilities for accounting purposes and their value for tax purposes at the end of reporting period, as well as tax loss carryforward and tax credit carryforward.

Deferred tax liabilities are recognized, in principle, for all taxable temporary differences. Deferred tax assets are recognized for deductible temporary differences, tax loss carryforward and tax credit carryforward to the extent that it is probable that taxable profit will be available. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

- temporary differences arising on initial recognition of goodwill;
- temporary differences arising on initial recognition of an asset or liability in transactions other than business combinations which affect neither accounting profit nor taxable profit or loss at the time of the transaction, and which do not result in taxable and deductible temporary differences of an equivalent amount at the time of the transaction;
- deductible temporary differences arising from investments in subsidiaries and affiliates, and interest in joint arrangements to the extent that it is not probable that the temporary differences will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilized; and
- taxable temporary differences arising from investments in subsidiaries and affiliates, and interest in joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and income taxes are levied by the same taxation authority on the same taxable entity.

The Company and part of its consolidated subsidiaries have adopted the Japanese Group Relief System.

The Group has applied the exception stipulated in the International Tax Reform-Pillar Two Model Rules (Amendments to IAS 12 Income Taxes) and does not recognize or disclose information about deferred tax assets and liabilities related to income tax arising from global minimum tax rules.

(20) Earnings per share

Basic earnings per share are determined by dividing net income attributable to common shareholders of the parent by the weighted average number of shares of common stock outstanding during the period, adjusted for treasury stock held.

(21) Changes in accounting policies

Not applicable

4. Significant Accounting Estimates and Judgments

In order to prepare the consolidated financial statements, the Group is required to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual operating results may differ from these accounting estimates and their underlying assumptions.

The estimates and underlying assumptions are reviewed on an ongoing basis. The effects of the review of accounting estimates are recognized in the reporting period in which the changes are made and in future periods.

Note also that the assumptions underlying accounting estimates may be subject to uncertainty arising from regional destabilization across the Middle East caused by the US-Iran military conflict.

Accounting judgments, estimates and assumptions that could materially affect the Group's consolidated financial statements are as follows:

- Valuation of inventories (see Note 10 "Inventories" below)
- Impairment of non-financial assets (see Note 18 "Impairment of Non-Financial Assets" below)
- Measurement of defined benefit obligations (see Note 24 "Employee Benefits" below)
- Recoverability of deferred tax assets (see Note 35 "Income Taxes" below)
- Impairment of financial assets measured at amortized cost (see Note 37 "Financial Instruments" below)

5. Accounting Standards or Interpretations Issued Not Yet Applied

Of the IFRS standards and interpretations newly issued or amended by the date of approval of the Group's consolidated financial statements, the major standards not adopted early by the Group are as follows.

The impact of adopting these standards and interpretations on the Group's consolidated financial statements is currently under consideration.

IFRS	Start date of mandatory application (to start in the subsequent year)	Start date of application for the Group	Overview of newly issued and amended standards
IFRS 18 Presentation and Disclosure in Financial Statements	January 1, 2027	Fiscal year ending March 31, 2028	Revision of presentation and disclosure in financial statements

6. Segment Information

(1) Overview of reportable segments

The Group's business segments are components of the Group for which separate financial information is available and that are regularly reviewed by the Board of Directors (chief operating decision maker) to make decisions about management resources to be allocated to the segments and assess their performance.

The Group positions business sector distinguished by their products and services within its headquarters. Each business sector proposes comprehensive domestic and overseas strategies in addition to pursuing business expansion in its respective product and service area.

Comprehensively considering similarities such as the details of products and services and target markets, the four reportable segments (distinguished by products and services) that comprise the Group's operations without aggregating the business segments are: Life & Healthcare Solutions, Mobility Solutions, ICT Solutions, and Basic & Green Materials. Business segments, which are not included in the reportable segments, are classified into "Others."

In accordance with the organizational reform implemented on April 1, 2025, the Group has revised the segment classifications for Mitsui Chemicals Asahi Life Materials Co., Ltd. and certain other consolidated subsidiaries.

Accordingly, the results for the previous fiscal year have been reclassified into the post-revision reportable segment classifications.

Major products manufactured and sold by business segments are as follows:

Segments		Major products
Reportable segments	Life & Healthcare Solutions	Vision care materials, oral care materials, personal care materials, and agrochemicals
	Mobility Solutions	Elastomers, performance compounds, polypropylene compounds, and comprehensive services related to the development of automotive and industrial products (Solution business)
	ICT Solutions	Materials and components for semiconductor and electronic component manufacturing processes, optical materials, nonwoven fabrics, lithium-ion battery materials, next-generation battery materials, and high-performance food packaging materials
	Basic & Green Materials	Ethylene, propylene, polyethylene, polypropylene, catalysts, phenols, PTA, PET, polyurethane materials, and industrial chemical products
Others	Others	Other related businesses, etc.

(2) Methods to determine sales revenue, profit or loss, assets, and other items by reportable segment

The accounting methods by reportable business segment herein are generally the same as those described under Note 3 "Material Accounting Policies."

Reportable segment income is presented in operating income before special items which stands for operating income or loss excluding non-recurring items (e.g., losses resulting from withdrawing from and/or downsizing businesses).

Intersegment transaction pricing and transfer pricing are negotiated and determined based on prevailing market prices.

(3) Information on sales revenue, profit or loss, assets, and other items by reportable segment

FY2025 (April 1, 2025 to March 31, 2026)

Year ended March 31, 2026

	Millions of yen							
	Reportable Segment				Total	Others (Note 1)	Adjustment (Note 2)	Consolidated
	Life & Healthcare Solutions	Mobility Solutions	ICT Solutions	Basic & Green Materials				
Sales revenue								
Sales revenue from external customers	¥259,076	¥515,406	¥279,436	¥599,922	¥1,653,840	¥ 14,914	¥ —	¥1,668,754
Intersegment sales revenue	5,182	3,063	6,326	69,701	84,272	66,344	(150,616)	—
Total	¥264,258	¥518,469	¥285,762	¥669,623	¥1,738,112	¥ 81,258	¥(150,616)	¥1,668,754
Segment income (loss)								
(Operating income before special items)	¥ 34,188	¥ 50,982	¥ 36,896	¥ (18,356)	¥ 103,710	¥ (107)	¥ (3,575)	¥ 100,028
Segment assets	¥408,756	¥559,003	¥431,943	¥554,292	¥1,953,994	¥ 98,299	¥ 99,359	¥2,151,652
Other items								
Depreciation and amortization	¥ 18,417	¥ 22,017	¥ 23,343	¥ 31,486	¥ 95,263	¥ 9,457	¥ 24	¥ 104,744
Share of profit of investments accounted for using equity method	1,243	3,372	5,770	6,185	16,570	643	(6)	17,207
Impairment loss	8,306	1,037	2,186	10,137	21,666	247	—	21,913
Investments accounted for using equity method	15,877	22,969	31,301	81,939	152,086	4,260	(138)	156,208
Capital expenditures (Note 3)	40,030	44,704	25,840	43,020	153,594	8,610	10	162,214

	Thousands of U.S. dollars							
	Reportable Segment				Total	Others (Note 1)	Adjustment (Note 2)	Consolidated
	Life & Healthcare Solutions	Mobility Solutions	ICT Solutions	Basic & Green Materials				
Sales revenue								
Sales revenue from external customers	\$1,620,440	\$3,223,705	\$1,747,786	\$3,752,327	\$10,344,258	\$ 93,283	\$ —	\$10,437,541
Intersegment sales revenue	32,412	19,158	39,567	435,959	527,096	414,961	(942,057)	—
Total	\$1,652,852	\$3,242,863	\$1,787,353	\$4,188,286	\$10,871,354	\$508,244	\$(942,057)	\$10,437,541
Segment income (loss)								
(Operating income before special items)	\$ 213,835	\$ 318,877	\$ 230,773	\$ (114,811)	\$ 648,674	\$ (669)	\$ (22,361)	\$ 625,644
Segment assets	\$2,556,642	\$3,496,391	\$2,701,670	\$3,466,926	\$12,221,629	\$614,829	\$ 621,460	\$13,457,918
Other items								
Depreciation and amortization	\$ 115,193	\$ 137,710	\$ 146,003	\$ 196,935	\$ 595,841	\$ 59,150	\$ 150	\$ 655,141
Share of profit of investments accounted for using equity method	7,775	21,091	36,090	38,684	103,640	4,022	(38)	107,624
Impairment loss	51,951	6,486	13,673	63,404	135,514	1,545	—	137,059
Investments accounted for using equity method	99,306	143,664	195,778	512,503	951,251	26,645	(863)	977,033
Capital expenditures (Note 3)	250,375	279,610	161,621	269,077	960,683	53,852	63	1,014,598

Notes:

- "Others" encompasses business segments not included in the reportable segments and includes other related businesses, etc.
- The negative ¥3,575 million in adjustments to segment income includes corporate loss of ¥3,466 million not allocated to reportable segments and negative ¥109 million elimination of intersegment transactions. Corporate profit (loss) mainly comprise general & administrative expenses which are usually not attributed to segments and R&D expenses for new business, and allocation difference of general & administrative expenses to be borne by segments. The ¥99,359 million in adjustments to segment assets includes corporate assets of ¥162,498 million not allocated to reportable segments and a negative ¥63,139 million elimination of intersegment transactions. Corporate assets are mainly attributed to the Company's surplus management funds (cash and deposits), long-term investment funds (investment securities), deferred tax assets and assets of administrative departments.
- Capital expenditures are related to property, plant and equipment, intangible assets, investment property, etc.

Notes to Consolidated Financial Statements

FY2024 (April 1, 2024 to March 31, 2025)

Year ended March 31, 2025

	Millions of yen							
	Reportable Segment				Total	Others (Note 1)	Adjustment (Note 2)	Consolidated
	Life & Healthcare Solutions	Mobility Solutions	ICT Solutions	Basic & Green Materials				
Sales revenue								
Sales revenue from external customers	¥251,677	¥555,111	¥277,597	¥710,042	¥1,794,427	¥ 14,737	¥ —	¥1,809,164
Intersegment sales revenue	3,283	3,015	6,527	92,336	105,161	66,301	(171,462)	—
Total	¥254,960	¥558,126	¥284,124	¥802,378	¥1,899,588	¥ 81,038	¥(171,462)	¥1,809,164
Segment income (loss)								
(Operating income before special items)	¥ 34,041	¥ 55,116	¥ 26,728	¥ (11,364)	¥ 104,521	¥ (2,616)	¥ (948)	¥ 100,957
Segment assets	¥395,224	¥545,009	¥403,617	¥609,712	¥1,953,562	¥106,008	¥ 94,383	¥2,153,953
Other items								
Depreciation and amortization	¥ 16,962	¥ 21,645	¥ 21,903	¥ 29,895	¥ 90,405	¥ 9,341	¥ 22	¥ 99,768
Share of profit of investments accounted for using equity method	846	3,072	6,214	1,628	11,760	614	55	12,429
Impairment loss	8,771	696	2,934	6,114	18,515	—	—	18,515
Investments accounted for using equity method	21,386	20,127	30,418	92,498	164,429	3,973	(128)	168,274
Capital expenditures (Note 3)	26,372	42,676	26,092	39,871	135,011	10,170	32	145,213

Notes:

- "Others" encompasses business segments not included in the reportable segments and includes other related businesses, etc.
- The negative ¥948 million in adjustments to segment income includes corporate loss of ¥952 million not allocated to reportable segments and ¥4 million elimination of intersegment transactions. Corporate profit (loss) mainly comprise general & administrative expenses which are usually not attributed to segments and R&D expenses for new business, and allocation difference of general & administrative expenses to be borne by segments. The ¥94,383 million in adjustments to segment assets includes corporate assets of ¥147,762 million not allocated to reportable segments and a negative ¥53,379 million elimination of intersegment transactions. Corporate assets are mainly attributed to the Company's surplus management funds (cash and deposits), long-term investment funds (investment securities), deferred tax assets and assets of administrative departments.
- Capital expenditures are related to property, plant and equipment, intangible assets, investment property, etc.

Adjustments from segment income to income before income taxes are as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026
Segment income	¥100,028	¥100,957	\$ 625,644
Gain on negative goodwill	2,585	—	16,168
Impairment loss	(21,913)	(18,515)	(137,059)
Loss on disposal of non current asset	(4,014)	(4,921)	(25,106)
Loss on related businesses	(3,984)	—	(24,919)
Others	1,107	815	6,924
Operating income	73,809	78,336	461,652
Financial income	11,226	8,013	70,216
Financial expenses	(16,427)	(14,702)	(102,746)
Income before income taxes	¥ 68,608	¥ 71,647	\$ 429,122

(4) Geographical information

(i) Sales revenue

Sales revenue by region is as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026
Japan	¥ 804,069	¥ 873,241	\$ 5,029,203
China	188,776	223,279	1,180,736
Asia	266,959	273,751	1,669,746
America	259,874	291,119	1,625,432
Europe	136,488	133,906	853,690
Other regions	12,588	13,868	78,734
Total	¥1,668,754	¥1,809,164	\$10,437,541

Notes:

- Sales revenue is classified by country or region based on the locations of customers.
- Major countries and regions located in areas other than Japan and China are as follows:
 - Asia: Taiwan, South Korea, Thailand, Malaysia, Singapore and India
 - America: The United States, Mexico
 - Europe: Germany, France
 - Other regions: Oceania, Africa
- In America, sales revenue in the United States was ¥191,105 million and ¥199,014 million for the fiscal years ended March 31, 2026 and March 31, 2025, respectively.

(ii) Non-current assets

Components of non-current assets by region (excluding financial instruments, deferred tax assets, retirement benefit assets, etc.) are as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Japan	¥645,455	¥610,498	\$4,037,122
Singapore	84,486	70,800	528,434
Asia	56,482	53,760	353,277
Other regions	63,066	53,004	394,458
Total	¥849,489	¥788,062	\$5,313,291

Notes:

- Major countries and regions located in areas other than Japan and Singapore are as follows:
 - Asia: China, Taiwan, South Korea, Thailand, Malaysia and India
 - Other regions: North America, Europe
- Non-current assets are classified by country or region based on locations of assets.

(5) Information about main customer

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026
Name	Mitsui & Co., Ltd.	Mitsui & Co., Ltd.	Mitsui & Co., Ltd.
Sales revenue	¥300,257	¥346,951	\$1,878,015
Related segments	Life & Healthcare Solutions, Mobility Solutions, ICT Solutions, Basic & Green Materials, Others	Life & Healthcare Solutions, Mobility Solutions, ICT Solutions, Basic & Green Materials, Others	Life & Healthcare Solutions, Mobility Solutions, ICT Solutions, Basic & Green Materials, Others

7. Business Combination

For the year ended March 31, 2026

No significant items

For the year ended March 31, 2025

Not applicable

8. Cash and Cash Equivalents

The breakdown of cash and cash equivalents is as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Cash and deposits	¥178,512	¥167,510	\$1,116,537
Short-term investments	4,601	3,105	28,778
Total	¥183,113	¥170,615	\$1,145,315

The balance of cash and cash equivalents in the consolidated statements of financial position matches the balance of cash and cash equivalents in the consolidated statements of cash flows.

9. Trade Receivables

The breakdown of trade receivables is as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Notes receivable—trade	¥ 7,147	¥ 7,232	\$ 44,702
Accounts receivable—trade	321,312	343,030	2,009,707
Allowance for doubtful accounts	(819)	(781)	(5,122)
Total	¥327,640	¥349,481	\$2,049,287

Trade receivables are classified as financial assets measured at amortized cost.

10. Inventories

The breakdown of inventories is as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Merchandise and finished goods	¥282,589	¥303,763	\$1,767,507
Work in process	9,876	10,922	61,771
Raw materials and supplies	122,001	128,078	763,079
Total	¥414,466	¥442,763	\$2,592,357

Inventories are recognized at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated selling costs. Inventories held by the Group tend to be affected by the economic environment, which is characterized by significant price fluctuations. As a result, losses may occur if the market environment deteriorates more than expected and the net realizable value drops significantly.

Write-downs of inventories recognized as expenses for the fiscal years ended March 31, 2026 and March 31, 2025 are ¥24,555 million and ¥26,863 million, respectively.

11. Other Financial Assets

The breakdown of other financial assets is as follows:

(1) Breakdown

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Financial assets measured at amortized cost			
Accounts receivable—other	¥ 47,309	¥ 46,142	\$ 295,903
Bonds	29,027	28,132	181,555
Lease receivables	1,055	1,293	6,599
Loans receivable	2,738	2,963	17,125
Others	13,026	11,518	81,474
Allowance for doubtful accounts	(34,825)	(28,046)	(217,820)
Financial assets measured at fair value through profit or loss			
Shares and investments	4,471	4,481	27,965
Derivative assets	160	214	1,001
Financial instruments measured at fair value through other comprehensive income			
Shares and investments	70,798	65,539	442,820
Others	65	—	406
Total	133,824	132,236	837,028
Current assets	34,749	38,618	217,344
Non-current assets	99,075	93,618	619,684
Total	¥133,824	¥132,236	\$ 837,028

(2) Equity instruments measured at fair value through other comprehensive income

The Company designates shares held for the main purpose of maintaining and strengthening transactions or business relationships as equity instruments measured at fair value through other comprehensive income.

(i) Major equity instruments at fair value

Fair values by major issues are as follows:

As of March 31, 2026

Issue name	Millions of yen	Thousands of U.S. dollars
SHINKO ELECTRIC INDUSTRIES CO., LTD. (Note)	¥24,123	\$150,882
Iharabras, S.A	17,997	112,566
Japan Saudi Arabia Methanol Company	3,600	22,517

As of March 31, 2025

Issue name	Millions of yen
JICC-04, Ltd.	¥22,220
Iharabras, S.A	13,767
Japan Saudi Arabia Methanol Company	3,548

Note: The company name was changed from JICC-04, Ltd. in December 2025.

Notes to Consolidated Financial Statements

(ii) Derecognition of equity instruments measured at fair value through other comprehensive income

The Company sold and derecognized a part of equity instruments measured at fair value through other comprehensive income, primarily to increase asset efficiency and make more effective use of its assets.

Fair value and cumulative gains or losses (before income taxes) when such equity instruments were sold are as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026
Fair value	¥5,266	¥2,369	\$32,937
Cumulative gains or losses	3,769	1,385	23,574

Cumulative gains or losses (after income taxes) recognized in other components of equity were transferred to retained earnings when such equity instruments were sold.

(iii) Dividend income

Dividend income recognized from equity instruments measured at fair value through other comprehensive income are as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026
Derecognized investments during the reporting period	¥ 196	¥ 106	\$1,226
Investments held at year-end	1,301	1,391	8,137
Total	¥1,497	¥1,497	\$9,363

12. Other Assets

The breakdown of other assets are as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Current assets			
Prepaid expenses	¥ 7,852	¥ 7,374	\$ 49,112
Consumption taxes receivable	17,552	14,619	109,782
Income taxes receivable	1,917	3,876	11,990
Others	5,870	6,183	36,716
Total	¥33,191	¥32,052	\$207,600
Non-current assets			
Prepaid employee benefits	1,282	1,504	8,019
Long-term prepaid expenses	5,298	6,658	33,137
Others	2,404	1,670	15,034
Total	¥ 8,984	¥ 9,832	\$ 56,190

13. Assets Held for Sale

The breakdown of assets held for sale and liabilities directly associated with assets held for sale are as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Assets held for sale			
Trade receivables	¥—	¥2,572	\$—
Inventories	—	2,538	—
Property, plant and equipment	—	1,797	—
Right-of-use assets	—	262	—
Other financial assets	—	202	—
Others	—	271	—
Total	¥—	¥7,642	\$—
Liabilities directly associated with assets held for sale			
Trade payables	—	545	—
Other financial liabilities	—	774	—
Retirement benefit liabilities	—	265	—
Others	—	562	—
Total	¥—	¥2,146	\$—

In terms of assets held for sale and liabilities directly associated with assets held for sale in the fiscal year ended March 31, 2025, the Company signed an agreement on June 26, 2024 to transfer its entire equity interest in Mitsui Chemicals Industrial Products Ltd. (hereinafter "MIP"), included in the Mobility Solutions segment of the Company, to MAEDAKOSEN CO., LTD. The assets and liabilities related to MIP and Nippon Tensar Ltd., a subsidiary of MIP, were reclassified to assets held for sale and measured at the lower of their carrying amount and fair value less costs to sell. The transfer was carried out in April 2025.

The assets held for sale are measured at fair value less costs to sell. Fair value is calculated based on price negotiations with the buyer, among other factors, and the fair value measurement is categorized within Level 3 of the fair value hierarchy. The fair value hierarchy is described in Note 37 "Financial Instruments (7) Fair value of financial instruments."

14. Property, Plant and Equipment

(1) Change in property, plant and equipment

The acquisition cost, changes in accumulated depreciation and impairment, and carrying amount of property, plant and equipment are as follows:

Notes to Consolidated Financial Statements

(i) Acquisition cost

	Millions of yen					
	Land	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Construction in progress	Total
Balance as of April 1, 2024	¥155,751	¥422,597	¥1,258,655	¥88,138	¥ 94,325	¥2,019,466
Acquisition	—	674	1,852	1,055	113,348	116,929
Acquisition through business combinations	—	—	—	—	—	—
Sale or disposal	(15)	(3,799)	(45,725)	(4,401)	(713)	(54,653)
Transfer to assets held for sale	(678)	(2,525)	(4,972)	(2,180)	(62)	(10,417)
Transfer	275	27,611	62,275	6,493	(97,554)	(900)
Exchange differences on translation of foreign operations	324	504	2,932	214	(657)	3,317
Others	—	(1,315)	(3,688)	(292)	13	(5,282)
Balance as of March 31, 2025	¥155,657	¥443,747	¥1,271,329	¥89,027	¥108,700	¥2,068,460
Acquisition	—	616	2,278	1,055	127,973	131,922
Acquisition through business combinations	1,451	361	228	68	33	2,141
Sale or disposal	(85)	(3,474)	(51,446)	(3,491)	(539)	(59,035)
Transfer to assets held for sale	—	—	—	—	—	—
Transfer	3,131	12,428	80,325	4,574	(100,711)	(253)
Exchange differences on translation of foreign operations	660	6,386	19,889	2,042	3,960	32,937
Others	(1)	(206)	(57)	(17)	6	(275)
Balance as of March 31, 2026	¥160,813	¥459,858	¥1,322,546	¥93,258	¥139,422	¥2,175,897

	Thousands of U.S. dollars					
	Land	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Construction in progress	Total
Balance as of March 31, 2025	\$973,586	\$2,775,500	\$7,951,770	\$556,836	\$679,886	\$12,937,578
Acquisition	—	3,853	14,248	6,599	800,431	825,131
Acquisition through business combinations	9,076	2,258	1,426	425	206	13,391
Sale or disposal	(532)	(21,729)	(321,779)	(21,835)	(3,371)	(369,246)
Transfer to assets held for sale	—	—	—	—	—	—
Transfer	19,583	77,733	502,408	28,609	(629,915)	(1,582)
Exchange differences on translation of foreign operations	4,128	39,942	124,400	12,772	24,769	206,011
Others	(5)	(1,287)	(356)	(106)	34	(1,720)
Balance as of March 31, 2026	\$1,005,836	\$2,876,270	\$8,272,117	\$583,300	\$872,040	\$13,609,563

(ii) Accumulated depreciation and impairment

	Millions of yen					
	Land	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Construction in progress	Total
Balance as of April 1, 2024	¥13,335	¥289,367	¥1,040,503	¥69,873	¥ 599	¥1,413,677
Depreciation and amortization	—	11,347	65,885	5,758	—	82,990
Impairment loss	—	785	8,269	142	404	9,600
Sale or disposal	0	(2,458)	(44,161)	(4,344)	(344)	(51,307)
Transfer to assets held for sale	—	(2,153)	(4,408)	(2,059)	—	(8,620)
Transfer	—	(68)	206	(186)	—	(48)
Exchange differences on translation of foreign operations	12	632	2,212	207	—	3,063
Others	—	(1,381)	(2,355)	(256)	—	(3,992)
Balance as of March 31, 2025	¥13,347	¥296,071	¥1,066,151	¥69,135	¥ 659	¥1,445,363
Depreciation and amortization	—	11,803	69,403	6,191	—	87,397
Impairment loss	50	999	3,456	380	175	5,060
Sale or disposal	—	(2,970)	(49,575)	(3,290)	(118)	(55,953)
Transfer to assets held for sale	—	—	—	—	—	—
Transfer	—	(55)	135	(0)	(43)	37
Exchange differences on translation of foreign operations	8	3,677	16,301	1,510	47	21,543
Others	—	(224)	(50)	(21)	—	(295)
Balance as of March 31, 2026	¥13,405	¥309,301	¥1,105,821	¥73,905	¥ 720	¥1,503,152

	Thousands of U.S. dollars					
	Land	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Construction in progress	Total
Balance as of March 31, 2025	\$83,481	\$1,851,833	\$6,668,445	\$432,418	\$4,122	\$9,040,299
Depreciation and amortization	—	73,824	434,094	38,723	—	546,641
Impairment loss	313	6,248	21,616	2,377	1,095	31,649
Sale or disposal	—	(18,576)	(310,076)	(20,579)	(738)	(349,969)
Transfer to assets held for sale	—	—	—	—	—	—
Transfer	—	(344)	844	(0)	(269)	231
Exchange differences on translation of foreign operations	50	22,998	101,958	9,446	293	134,745
Others	—	(1,401)	(312)	(132)	—	(1,845)
Balance as of March 31, 2026	\$83,844	\$1,934,582	\$6,916,569	\$462,253	\$4,503	\$9,401,751

(iii) Carrying amount

	Millions of yen					
	Land	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Construction in progress	Total
Balance as of April 1, 2024	¥142,416	¥133,230	¥218,152	¥18,265	¥ 93,726	¥605,789
Balance as of March 31, 2025	142,310	147,676	205,178	19,892	108,041	623,097
Balance as of March 31, 2026	¥147,408	¥150,557	¥216,725	¥19,353	¥138,702	¥672,745

	Thousands of U.S. dollars					
	Land	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Construction in progress	Total
Balance as of March 31, 2026	\$921,992	\$941,688	\$1,355,548	\$121,047	\$867,537	\$4,207,812

Notes to Consolidated Financial Statements

Depreciation of property, plant and equipment is included in "Cost of sales" and "Selling, general and administrative expenses" in the consolidated statements of income.

Expenditures incurred for property, plant and equipment under construction are stated as construction in progress.

(2) Borrowing costs

In the fiscal year ended March 31, 2026, borrowing costs arising from the acquisition of property, plant and equipment are capitalized as part of the acquisition cost, at ¥169 million, applying 0.24 % capitalization rate.

15. Leases

Lessees

The Group has entered into lease agreements as a lessee for land, buildings and other properties to use them mainly as an office and a site for a factory.

The Group does not enter into a lease agreement that has a material purchase option, escalation clauses, restrictions placed by the lease agreement (e.g., dividends, additional borrowings, restrictions on additional leases, etc.), variable lease payments, a termination option, and a residual value guarantee, or no lease transaction or sale and leaseback transaction has been started yet although the Group has entered into such lease agreement.

(1) Income or expenses and cash outflows associated with lease transactions

Income or expenses and cash outflows associated with lease transactions are as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026
Depreciation of right-of-use assets			
Land	¥ 762	¥ 678	\$ 4,766
Buildings and structures	7,278	5,948	45,522
Machinery and vehicles	1,099	1,118	6,874
Tools, furniture and fixtures	171	106	1,069
Total	9,310	7,850	58,231
Interest expense on the lease liabilities	762	792	4,766
Expenses incurred for short-term leases and leases of low value	1,365	1,269	8,538
Total expenses associated with leases, net	2,127	2,061	13,304
Total of cash outflows associated with leases	¥12,120	¥12,417	\$75,809

(2) Right-of-use assets

The breakdown of the carrying amounts of right-of-use assets is as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Right-of-use assets			
Land	¥ 8,748	¥ 8,629	\$ 54,716
Buildings and structures	34,224	32,516	214,061
Machinery and vehicles	4,713	4,521	29,478
Tools, furniture and fixtures	354	477	2,214
Total	¥48,039	¥46,143	\$300,469

Increases in right-of-use assets for the fiscal years ended March 31, 2026 and March 31, 2025 are ¥10,480 million and ¥10,508 million, respectively.

The maturity analysis of lease liabilities is described in Note 37 "Financial Instruments (4) Liquidity risk management."

(3) Extension options

The Group's lease agreements primarily for land and buildings have extension options with which the lessee can extend a lease term.

The Group exercises the extension option as considering it necessary to do so by taking into overall account the profitability of relevant assets in the agreement, changes in neighboring market environments, conditions to exercise the option, and other factors, and only when such exercise is reasonably certain, the Group includes such extended period in the lease term and includes lease payments for the lease term in the measurement of lease liabilities.

The extendible period when the option is exercised and lease payments for the extendible period are generally same as or similar to the original contract term and lease payments.

The Group reviews the possibility of exercising the option to extend the lease every reporting period. The financial impact of this review for the fiscal years ended March 31, 2026 and March 31, 2025 is immaterial.

Lessors

The Group provides rental housing as a part of its benefits package for employees, and the transactions involved correspond to a sublease. Since the lease terms of the subleases and the lease terms of the head leases are deemed to be the same, such subleases are classified as finance leases. The total amount of uncollected lease investments is insignificant.

16. Goodwill and Intangible Assets

(1) Change in goodwill and intangible assets

The acquisition cost, changes in accumulated amortization and impairment, and carrying amount of goodwill and intangible assets are as follows:

(i) Acquisition cost

	Millions of yen						
	Intangible assets						Total
	Goodwill	Software	Patents and technology license	Customer value	Trademarks	Others	
Balance as of April 1, 2024	¥53,894	¥66,019	¥39,998	¥28,632	¥13,639	¥6,516	¥154,804
Acquisition	—	15,984	710	—	98	1,202	17,994
Acquisitions through business combinations	—	—	—	—	—	—	0
Sale or disposal	—	(1,492)	(754)	—	—	(15)	(2,261)
Transfer to assets held for sale	—	(141)	—	—	—	—	(141)
Exchange differences on translation of foreign operations	(415)	23	(141)	(229)	(156)	79	(424)
Others	9	725	224	—	—	(95)	854
Balance as of March 31, 2025	¥53,488	¥81,118	¥40,037	¥28,403	¥13,581	¥7,687	¥170,826
Acquisition	—	9,101	35	—	—	118	9,254
Acquisitions through business combinations	2,986	107	2,448	—	—	894	3,449
Sale or disposal	—	(2,327)	(540)	—	—	(2)	(2,869)
Transfer to assets held for sale	—	—	—	—	—	—	—
Exchange differences on translation of foreign operations	3,794	605	1,126	2,102	1,553	281	5,667
Others	(495)	958	1	(88)	—	66	937
Balance as of March 31, 2026	¥59,773	¥89,562	¥43,107	¥30,417	¥15,134	¥9,044	¥187,264

Notes to Consolidated Financial Statements

	Thousands of U.S. dollars						
	Intangible assets						
	Goodwill	Software	Patents and technology license	Customer value	Trademarks	Others	Total
Balance as of March 31, 2025	\$334,551	\$507,368	\$250,419	\$177,652	\$84,945	\$48,080	\$1,068,464
Acquisition	—	56,924	219	—	—	738	57,881
Acquisitions through business combinations	18,677	669	15,311	—	—	5,592	21,572
Sale or disposal	—	(14,555)	(3,378)	—	—	(12)	(17,945)
Transfer to assets held for sale	—	—	—	—	—	—	—
Exchange differences on translation of foreign operations	23,730	3,784	7,043	13,147	9,713	1,758	35,445
Others	(3,096)	5,993	7	(550)	—	411	5,861
Balance as of March 31, 2026	\$373,862	\$560,183	\$269,621	\$190,249	\$94,658	\$56,567	\$1,171,278

(ii) Accumulated amortization and impairment loss

	Millions of yen						
	Intangible assets						
	Goodwill	Software	Patents and technology license	Customer value	Trademarks	Others	Total
Balance as of April 1, 2024	¥32,725	¥47,853	¥18,451	¥19,643	¥7,900	¥5,716	¥ 99,563
Amortization	—	3,568	2,106	968	516	231	7,389
Impairment loss	—	38	—	—	—	—	38
Sale or disposal	—	(1,458)	(527)	—	—	(10)	(1,995)
Transfer to assets held for sale	—	(127)	—	—	—	—	(127)
Exchange differences on translation of foreign operations	(359)	25	(101)	(184)	(111)	53	(318)
Others	—	57	16	—	1	—	74
Balance as of March 31, 2025	¥32,366	¥49,956	¥19,945	¥20,427	¥8,306	¥5,990	¥104,624
Amortization	—	3,868	2,304	994	543	197	7,906
Impairment loss	—	57	123	14	1	1	196
Sale or disposal	—	(2,232)	(540)	—	—	(2)	(2,774)
Transfer to assets held for sale	—	—	—	—	—	—	—
Exchange differences on translation of foreign operations	3,573	521	823	1,682	1,009	169	4,204
Others	(948)	0	1	(89)	(1)	2	(87)
Balance as of March 31, 2026	¥34,991	¥52,170	¥22,656	¥23,028	¥9,858	¥6,357	¥114,069

	Thousands of U.S. dollars						
	Intangible assets						
	Goodwill	Software	Patents and technology license	Customer value	Trademarks	Others	Total
Balance as of March 31, 2025	\$202,439	\$312,459	\$124,750	\$127,765	\$51,951	\$37,466	\$654,391
Amortization	—	24,193	14,411	6,217	3,396	1,233	49,450
Impairment loss	—	357	769	88	6	6	1,226
Sale or disposal	—	(13,960)	(3,378)	—	—	(13)	(17,351)
Transfer to assets held for sale	—	—	—	—	—	—	—
Exchange differences on translation of foreign operations	22,348	3,258	5,148	10,520	6,311	1,058	26,295
Others	(5,929)	0	6	(557)	(5)	11	(545)
Balance as of March 31, 2026	\$218,858	\$326,307	\$141,706	\$144,033	\$61,659	\$39,761	\$713,466

(iii) Carrying amount

	Millions of yen						
	Intangible assets						
	Goodwill	Software	Patents and technology license	Customer value	Trademarks	Others	Total
Balance as of April 1, 2024	¥21,169	¥18,166	¥21,547	¥8,989	¥5,739	¥ 800	¥55,241
Balance as of March 31, 2025	21,122	31,162	20,092	7,976	5,275	1,697	66,202
Balance as of March 31, 2026	¥24,782	¥37,392	¥20,451	¥7,389	¥5,276	¥2,687	¥73,195

	Thousands of U.S. dollars						
	Intangible assets						
	Goodwill	Software	Patents and technology license	Customer value	Trademarks	Others	Total
Balance as of March 31, 2026	\$155,004	\$233,876	\$127,915	\$46,216	\$32,999	\$16,806	\$457,812

Amortization is included in "Cost of sales" and "Selling, general and administrative expenses" in the consolidated statements of income.

There are no significant internally generated intangible assets for each reporting period.

The carrying amounts of intangible assets with indefinite useful lives as of March 31, 2026 and March 31, 2025 are ¥1,291 million and ¥1,178 million, respectively.

Among those, major intangible assets are the trademarks of SDC Technologies, Inc. belonging to the Life & Healthcare Solutions business segment. As these trademarks basically exist as long as the entity's business continues, the Group determined that their useful lives are indefinite.

The impairment tests for these assets are described in Note 18 "Impairment of Non-Financial Assets."

17. Investment Property

The carrying amount and fair value of investment property are as follows:

(1) Carrying amount

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026
Balance at beginning of period	¥21,666	¥21,667	\$135,514
Acquisition	—	—	—
Acquisitions through business combinations	—	—	—
Sale or disposal	—	—	—
Others	78	(1)	488
Balance at end of period	¥21,744	¥21,666	\$136,002
Accumulated depreciation	—	—	—
Acquisition cost	¥21,744	¥21,666	\$136,002

(2) Fair value

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Fair value	¥23,334	¥22,714	\$145,947

The Group does not have contractual obligations to purchase, construct or develop investment property or those for repairs, maintenance or enhancements.

The fair value of investment property is mainly based on the valuation presented by an independent real estate appraiser using the discounted cash flow method or on the market transaction price of a similar asset. The fair value is categorized within Level 3 of the fair value hierarchy because it includes significant unobservable inputs. The fair value hierarchy is described in Note 37 "Financial Instruments (7) Fair value of financial instruments."

(3) Profit or loss of investment property

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026
Rental income	¥268	¥285	\$1,676
Direct operating expenses arising from investment property that generated rental income	(50)	(56)	(313)

18. Impairment of Non-Financial Assets

The Group assesses whether there are any indicators of impairment of non-financial assets (excluding inventories, deferred tax assets, assets related to retirement benefits, and assets held for sale) at the end of each fiscal year. If there are indicators of impairment, the Group estimates the recoverable amount of the asset or the cash-generating unit (CGU) to which the asset belongs. Assets provided for business use are categorized by entity, business sector, or similar unit. Of these, assets to be disposed of due to business withdrawal or other reason are assessed on an individual basis. Idle properties and properties not in use are also assessed on an individual basis.

The recoverable amount of the asset or CGU to which the asset belongs is the higher of the fair value less costs of disposal and the value in use.

Fair value less costs of disposal is calculated based on quoted prices in active markets, or appropriate valuation models. Value in use is calculated by discounting estimated future cash flows to their present value using a pre-tax discount rate that reflects the time value of money and any risks specific to the asset. If it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is estimated for each CGU to which the asset belongs.

In calculating the recoverable amount certain assumptions are made regarding the useful life of the asset, future cash flow discount rate, growth rate, and other factors.

These assumptions are determined by management's best estimates and judgments, but changes in uncertain future economic conditions, such as the market environment for related businesses, global interest rate trend and capital spending among customers may affect these assumptions. If such assumptions have to be revised, this could have a significant impact on amounts recognized in the consolidated financial statements for the following fiscal year.

Impairment loss for the fiscal years ended March 31, 2026 and March 31, 2025 is as follows. Impairment loss is included in "Other operating expenses" in the consolidated statements of income.

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026
Property, plant and equipment			
Buildings and structures	¥ 999	¥ 785	\$ 6,248
Machinery and vehicles	3,456	8,269	21,616
Tools, furniture and fixtures	380	142	2,377
Land	50	—	313
Construction in progress	175	404	1,095
Right-of-use assets	115	122	719
Goodwill and Intangible assets	196	38	1,226
Investments accounted for using equity method	16,542	8,755	103,465
Total impairment losses	¥21,913	¥18,515	\$137,059

Major assets for which an impairment loss is recognized are as follows:

For the year ended March 31, 2026

Location	Asset category	Reportable segment	Millions of yen	Thousands of U.S. dollars
			Impairment loss	Impairment loss
Shanghai, China	Investments accounted for using equity method	Basic & Green Materials	¥ 7,898	\$ 49,400
Shinjuku Ward, Tokyo, Japan and elsewhere	Investments accounted for using equity method	Life & Healthcare Solutions	6,830	42,720
Nagoya City, Aichi Prefecture, Japan and elsewhere	Machinery and vehicles	ICT Solutions	1,406	8,794
		Others	5,779	36,145
Total			¥21,913	\$137,059

Breakdown of impairment loss

- Investments accounted for using equity method in Shanghai, China

The Company wrote down the book value of its investment in the joint venture Shanghai Sinopec Mitsui Chemicals Co., Ltd. to the recoverable amount, pursuant to the equity stake transfer agreement that was concluded with Sinopec Shanghai Gaoqiao Petrochemical Co., Ltd. The recoverable amount was measured at fair value less costs of disposal, based on the price negotiated with the buyer and other relevant factors, with fair value classified as Level 3 in the fair value hierarchy (as detailed below in Note 37 "Financial Instruments (7) Fair value of financial instruments").

- Investments accounted for using equity method in Shinjuku, Tokyo and elsewhere

The Company wrote down the book value of its investment in the equity-method affiliate Japan Medical Dynamic Marketing, Inc. to the recoverable amount after determining there was objective evidence of impairment due to decline in market value. The recoverable amount was measured at fair value less costs of disposal, with fair value classified as Level 1 in the fair value hierarchy (as detailed below in Note 37 "Financial Instruments (7) Fair value of financial instruments").

- Machinery, transport equipment and other fixed assets in Nagoya, Aichi Prefecture, Japan and elsewhere

The Company recorded an impairment in the book value of the operating assets of Mitsui Chemicals Asahi Life Materials Co., Ltd. to the recoverable amount, in recognition of the decline in profitability caused by reduced sales volumes, yen depreciation, and other factors, and consequent loss of any expectation of a return on investment. The recoverable amount was measured at the value in use, calculated by discounting future cash flows using a weighted-average cost of capital (pre-tax) of 16.2%.

Future cash flows for calculating value in use are based on the business plans created by management that in turn depend on major assumptions made by management, such as sales volumes based on projections of future demand and cost reduction plans. Of these assumptions, sales volumes are based on sales plans such as the expansion of sales of high value-added products, while cost reduction plans are based on changes in production methods and other plans. Since both assumptions are affected by the extent to which the various plans are achieved, they may be subject to uncertainty.

Major components of impairment losses that are not individually material are those related to property, plant and equipment in the business, including buildings and structures, machinery, and intangible assets. Impairment losses were recorded because the recoverable amounts fell below the carrying amount due in part to a deterioration in revenue prospects.

For the year ended March 31, 2025

Location	Asset category	Reportable segment	Millions of yen	Thousands of U.S. dollars
			Impairment loss	Impairment loss
Shinjuku Ward, Tokyo, Japan and elsewhere	Investments accounted for using equity method	Life & Healthcare Solutions	¥ 8,320	\$ 52,039
		Others	10,195	63,767
Total			¥18,515	\$115,806

Breakdown of impairment loss

- Investments accounted for using equity method in Shinjuku, Tokyo and elsewhere

Having determined that there was objective evidence of impairment due to a decline in the market value of its investment in Japan Medical Dynamic Marketing, Inc., which is accounted for using the equity method, the Company reduced the carrying amount of this investment to the recoverable amount. The recoverable amount was measured at the value in use calculated by discounting the future cash flows with a weighted average cost of capital before tax.

Notes to Consolidated Financial Statements

Determination of future cash flows used to calculate the value in use is based on the business plan prepared by management. The business plan includes key assumptions made by management, including the rate of sales growth based on future demand forecasts. These assumptions are based in part on the growth outlook for the medical device market in the orthopedic field in Japan and the United States, as well as plans for new product launches, and may be subject to uncertainty.

Determination of the weighted average cost of capital is based in part on the cost of shareholders' equity and the cost of debt. The cost of shareholders' equity is determined using Japanese and U.S. government bond yields (10-year Japanese government bonds: 1.5%; 20-year U.S. government bonds: 4.6%) as the risk-free rate, in part taking into consideration long-term equity risk premiums in Japan and the United States. The cost of debt is determined in part taking into consideration interest costs of the company in question and the corporate bond yields of similar companies.

The carrying amounts of goodwill to cash-generating units (groups of cash-generating units) are as follows. Because the balance of intangible assets with indefinite useful lives is not significant, it is omitted.

Goodwill

Reportable segment	Cash-generating units (Groups of cash-generating units)	Millions of yen		Thousands of U.S. dollars
		As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Life & Healthcare Solutions	Mitsui Chemicals Crop & Life Solutions, Inc.	¥16,782	¥16,782	\$104,966
—	Others	8,000	4,340	50,038
	Total	¥24,782	¥21,122	\$155,004

Goodwill allocated to each cash-generating unit in the fiscal year ended March 31, 2026 primarily relates to Mitsui Chemicals Crop & Life Solutions, Inc. (hereinafter "MCCLS"). The following impairment tests have been conducted for this goodwill.

The recoverable amounts of goodwill and intangible assets with indefinite useful lives allocated to groups of cash-generating units (CGUs) were measured at the value in use.

The value in use is calculated reflecting the past experience and external sources of information, and using present value of future cash flows based on business plan approved by management and a terminal value for the next five years of the business plan. The growth rate in excess of the business plans is calculated using assumptions based on the inflation rate of the country to which the CGU belongs.

If some or all of the carrying amount of goodwill is allocated across multiple CGU (groups of units), and the amount so allocated to each unit (group of units) is not significant in comparison with the entity's total carrying amount of goodwill, such carrying amount is aggregated in "Others."

Growth rates and discount rates (weighted average cost of capital before tax) used to calculate the recoverable amounts are as follows:

Reportable segment	Cash-generating units (Groups of cash-generating units)	As of March 31, 2026		As of March 31, 2025	
		Growth rate	Discount rate	Growth rate	Discount rate
Life & Healthcare Solutions	Mitsui Chemicals Crop & Life Solutions, Inc.	1.5%	11.6%	1.5%	12.1%

The recoverable amount of goodwill and intangible assets with indefinite useful lives associated with MCCLS is well above the carrying amount of the cash-generating unit or group of cash-generating units. The Group determined that the recoverable amount is unlikely to fall below the carrying amount even if key assumptions used for the impairment tests changed within a reasonably foreseeable range.

For goodwill and intangible assets with indefinite useful lives associated with other cash-generating units, the Group determined that the recoverable amount is unlikely to fall below the carrying amount even if the growth rate and discount rate used for the impairment tests changed within a reasonably foreseeable range.

19. Investments Accounted for Using the Equity Method

(1) Investments in affiliates

The carrying amount of investments in individually immaterial affiliates accounted for using the equity method are as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Carrying amount of investments	¥38,750	¥43,364	\$242,370

The Company recorded impairment losses on its investments in Japan Medical Dynamic Marketing, Inc. for the fiscal years ended March 31, 2026 and March 31, 2025.

Details are described in Note 18 "Impairment of Non-Financial Assets."

The aggregate amounts of the Group's share of comprehensive income of investments in affiliates accounted for using the equity method are as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026
Net income	¥5,511	¥6,521	\$34,470
Other comprehensive income	2,588	(997)	16,187
Comprehensive income	¥8,099	¥5,524	\$50,657

(2) Investments in joint ventures

(i) Material joint ventures

Material joint ventures for the Group are as follows:

Name	Major business	Location	Percentage of interests	
			As of March 31, 2026	As of March 31, 2025
Kumho Mitsui Chemicals	Manufacturing and sales of polyurethane materials	South Korea	50%	50%
Shanghai Sinopec Mitsui Chemicals Co., Ltd.	Manufacturing and sales of phenols	China	—	50%

The Group disclosed the summarized financial statements of Kumho Mitsui Chemicals Inc. due to its materiality in relation to the consolidated financial statements of the Group. For Shanghai Sinopec Mitsui Chemicals Co., Ltd., the summarized financial statements for the previous fiscal year are disclosed due to its materiality in relation to the consolidated financial statements of the Group in the previous fiscal year.

As Shanghai Sinopec Mitsui Chemicals Co. Ltd. was sold in the fiscal year ended March 31, 2026, its summarized financial statements have not been disclosed.

Since it is not feasible to harmonize the reporting periods of both companies, the equity method is applied to the financial statements with a three-month difference in reporting period. These summarized financial statements also include a three-month difference in reporting period. In addition, these statements were prepared by adding reconciliations in line with the Group's accounting policies.

Notes to Consolidated Financial Statements

Kumho Mitsui Chemicals

The summarized financial statements of Kumho Mitsui Chemicals and adjustments between the statements and the carrying amount of the investment are as follows.

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Current assets	¥ 73,108	¥ 63,826	\$457,268
Non-current assets	95,626	96,012	598,111
Current liabilities	25,992	32,102	162,572
Non-current liabilities	5,994	4,910	37,491
Total equity	136,748	122,826	855,316
Group interest in total assets	68,374	61,413	427,658
Consolidated adjustment within the Group	—	—	—
Carrying amount of investments	68,374	61,413	427,658
Material accounts included in above			
Cash and cash equivalents	3,182	10,532	19,902
Financial liabilities included in current liabilities	6,451	5,155	40,349
Financial liabilities included in non-current liabilities	¥ 3,333	¥ 2,824	\$ 20,847

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026
Sales revenue	¥174,582	¥148,509	\$1,091,956
Net income (loss)	18,765	14,025	117,369
Other comprehensive income	2,776	(3,264)	17,363
Comprehensive income	21,541	10,761	134,732
Material accounts included in above			
Depreciation and amortization	(6,707)	(4,126)	(41,950)
Interest income	970	1,219	6,067
Interest expenses	(460)	(306)	(2,877)
Income tax expense	(5,597)	(4,098)	(35,008)
Dividends received by the Group	¥ 3,809	¥ 2,034	\$ 23,824

Shanghai Sinopec Mitsui Chemicals Co., Ltd.

The summarized financial statements of Shanghai Sinopec Mitsui Chemicals Co., Ltd. are as follows.

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Current assets	¥—	¥15,266	\$—
Non-current assets	—	14,650	—
Current liabilities	—	1,786	—
Non-current liabilities	—	61	—
Total equity	—	28,069	—
Carrying amount of investments	—	14,034	—
Material accounts included in above			
Cash and cash equivalents	—	9,224	—
Financial liabilities included in current liabilities	—	95	—
Financial liabilities included in non-current liabilities	¥—	¥ 61	\$—

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026
Sales revenue	¥—	¥ 45,804	\$—
Net income (loss)	—	(10,621)	—
Other comprehensive income	—	2,804	—
Comprehensive income	—	(7,817)	—
Material accounts included in above			
Depreciation and amortization	—	(2,578)	—
Interest income	—	404	—
Interest expenses	—	(7)	—
Income tax expense	—	37	—
Dividends received by the Group	¥—	¥ —	\$—

(ii) Individually immaterial joint ventures

The carrying amount of investments in individually immaterial joint ventures are as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Carrying amount of investments	¥49,084	¥49,463	\$307,005

The amount of equity shares on comprehensive income of investments in individually immaterial joint ventures is as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026
Net income	¥2,314	¥4,206	\$14,473
Other comprehensive income	154	1,632	964
Comprehensive income	¥2,468	¥5,838	\$15,437

The Group does not have unrecognized commitments relating to each joint venture that could result in the outflow of economic resources in the future.

20. Trade Payables

The breakdown of trade payables is as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Notes payable—trade	¥ 1,118	¥ 1,491	\$ 6,993
Accounts payable—trade	130,672	154,294	817,313
Contract liabilities	1,838	1,957	11,496
Total	¥133,628	¥157,742	\$835,802

Trade payables are categorized as financial liabilities measured at amortized cost.

21. Bonds and Borrowings

The breakdown of bonds and borrowings is as follows:

	Millions of yen			Thousands of U.S. dollars
	As of March 31, 2026	Average interest rate (%)	As of March 31, 2025	As of March 31, 2026
Short-term borrowings	¥139,000	2.78%	¥173,790	\$ 869,402
Commercial papers	102,000	0.64%	61,000	637,978
Current portion of bonds payable	25,000	0.19%	40,000	156,367
Current portion of long-term borrowings	30,727	0.67%	7,698	192,188
Bonds payable	126,000	0.84%	151,000	788,091
Long-term borrowings (Note 3)	317,464	0.87%	304,489	1,985,639
Total	¥740,191	—	¥737,977	\$4,629,666
Current liabilities	296,727	—	282,488	1,855,936
Non-current liabilities	443,464	—	455,489	2,773,730
Total	¥740,191	—	¥737,977	\$4,629,666

Notes:

1. Bonds and borrowings are categorized as financial liabilities measured at amortized cost.
2. The weighted average interest rate on the outstanding balance as of March 31, 2026 is stated for the average interest rate.
3. Long-term borrowings will be due in 2027 through 2035.

The contractual terms of bonds are as follows:

Company name	Issue name	Date of issue	Millions of yen		Thousands of U.S. dollars	Interest rate (%)	Collateral	Date of maturity
			As of March 31, 2026	As of March 31, 2025	As of March 31, 2026			
Mitsui Chemicals Inc.	The 46th Unsecured Corporate Bond	July 24, 2017	¥ 5,000	¥ 5,000	\$ 31,273	0.37 / year	N/A	July 23, 2027
	The 47th Unsecured Corporate Bond	June 19, 2018	—	10,000 (10,000)	—	0.26 / year	N/A	June 19, 2025
	The 48th Unsecured Corporate Bond	June 19, 2018	15,000	15,000	93,820	0.39 / year	N/A	June 19, 2028
	The 49th Unsecured Corporate Bond	June 19, 2018	10,000	10,000	62,547	0.90 / year	N/A	June 19, 2038
	The 50th Unsecured Corporate Bond	December 5, 2019	10,000	10,000	62,547	0.27 / year	N/A	December 5, 2029
	The 51st Unsecured Corporate Bond	December 5, 2019	10,000	10,000	62,547	0.68 / year	N/A	December 5, 2039
	The 52nd Unsecured Corporate Bond	December 2, 2020	—	15,000 (15,000)	—	0.13 / year	N/A	December 2, 2025
	The 53rd Unsecured Corporate Bond	June 16, 2021	15,000 (15,000)	15,000	93,820 (93,820)	0.09 / year	N/A	June 16, 2026
	The 54th Unsecured Corporate Bond	December 3, 2021	10,000	10,000	62,547	0.28 / year	N/A	December 3, 2031
	The 55th Unsecured Corporate Bond	December 3, 2021	10,000	10,000	62,547	0.68 / year	N/A	December 3, 2041
	The 56th Unsecured Corporate Bond	March 1, 2023	—	15,000 (15,000)	—	0.30 / year	N/A	February 27, 2026
	The 57th Unsecured Corporate Bond	March 1, 2024	10,000 (10,000)	10,000	62,547 (62,547)	0.35 / year	N/A	March 1, 2027
	The 58th Unsecured Corporate Bond	March 1, 2024	10,000	10,000	62,547	0.66 / year	N/A	March 1, 2029
	The 59th Unsecured Corporate Bond	March 1, 2024	6,000	6,000	37,528	1.13 / year	N/A	March 1, 2034
	The 60th Unsecured Corporate Bond	February 27, 2025	12,000	12,000	75,056	1.15 / year	N/A	February 25, 2028
	The 61st Unsecured Corporate Bond	February 27, 2025	20,000	20,000	125,094	1.37 / year	N/A	February 27, 2030
	The 62nd Unsecured Corporate Bond	February 27, 2025	8,000	8,000	50,038	1.98 / year	N/A	February 27, 2035
Total	—	—	151,000 ¥ (25,000)	191,000 ¥ (40,000)	944,458 \$(156,367)	—	—	—

Note: The figures in brackets represent the current portion.

Assets pledged as collateral and secured debt are as follows:

Assets pledged as collateral

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Property, plant and equipment	¥ 34	¥ 49	\$ 213
Other financial assets	128	102	800
Total	¥162	¥151	\$1,013

Secured debt

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Other financial liabilities	¥57	¥57	\$357
Total	¥57	¥57	\$357

22. Other Financial Liabilities

The breakdown of other financial liabilities is as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Financial liabilities measured at amortized cost			
Accounts payable—other	¥ 89,870	¥ 98,828	\$562,109
Others	9,281	9,523	58,050
Financial liabilities measured at fair value through profit or loss			
Derivative liabilities	502	307	3,140
Lease liabilities	55,651	53,767	348,080
Others	1,074	1,225	6,717
Total	156,378	163,650	978,096
Current liabilities	103,361	110,625	646,491
Non-current liabilities	53,017	53,025	331,605
Total	¥156,378	¥163,650	\$978,096

23. Changes in Liabilities Arising from Financing Activities

Changes in liabilities arising from financing activities are as follows:

(i) For the year ended March 31, 2026

	Millions of yen					Balance as of March 31, 2026
	Balance as of April 1, 2025	Cash flow	Business combinations	New leases	Foreign currency translation, etc.	
Bonds payable (Note)	¥191,000	¥(40,000)	¥—	¥ —	¥ —	¥151,000
Commercial papers	61,000	41,000	—	—	—	102,000
Short-term borrowings	173,790	(38,558)	80	—	3,688	139,000
Long-term borrowings (Note)	312,186	34,271	—	—	1,734	348,191
Lease liabilities	53,767	(9,796)	4	10,600	1,076	55,651
Total	¥791,743	¥(13,083)	¥84	¥10,600	¥6,498	¥795,842

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	Thousands of U.S. dollars					
	Balance as of April 1, 2025	Cash flow	Non-cash transactions			Balance as of March 31, 2026
			Business combinations	New leases	Foreign currency translation, etc.	
Bonds payable (Note)	\$1,194,646	\$(250,188)	\$ —	\$ —	\$ —	\$ 944,458
Commercial papers	381,536	256,442	—	—	—	637,978
Short-term borrowings	1,087,003	(241,168)	500	—	23,067	869,402
Long-term borrowings (Note)	1,952,627	214,354	—	—	10,846	2,177,827
Lease liabilities	336,296	(61,271)	25	66,300	6,730	348,080
Total	\$4,952,108	\$ (81,831)	\$525	\$66,300	\$40,643	\$4,977,745

Note: Current portions are included.

(ii) For the year ended March 31, 2025

	Millions of yen					
	Balance as of April 1, 2024	Cash flow	Non-cash transactions			Balance as of March 31, 2025
			Business combinations	New leases	Foreign currency translation, etc.	
Bonds payable (Note)	¥156,000	¥ 35,000	¥ —	¥ —	¥ —	¥191,000
Commercial papers	143,000	(82,000)	—	—	—	61,000
Short-term borrowings	146,627	28,071	—	—	(908)	173,790
Long-term borrowings (Note)	311,131	1,533	—	—	(478)	312,186
Lease liabilities	54,699	(9,762)	—	10,557	(1,727)	53,767
Total	¥811,457	¥(27,158)	¥—	¥10,557	¥(3,113)	¥791,743

Note: Current portions are included.

24. Employee Benefits

The Company and its major Japanese consolidated subsidiaries have established and maintained contract-type corporate pension plans and lump-sum retirement benefit plans as defined benefit plans. Some of its foreign consolidated subsidiaries also have established and maintained defined benefit plans. In addition, the Company and some of its Japanese consolidated subsidiaries have established and maintained defined contribution plans.

(1) Defined benefit plans

A retirement benefit trust has been set up for the plan assets of funded retirement benefit plans.

In contract-type corporate pension plans, the amount of benefits is calculated by the accumulated points mainly based on an occupational ability-based grading system and other similar systems.

In accordance with the Defined-benefit Corporate Pension Act, the Company has an obligation to make contributions to the Corporate Pension Fund (hereinafter the "Fund") that manages corporate pension plans.

A trustee manages plan assets in accordance with contract terms specified based on a management policy that resolved by the Board of Directors of the Company. The Fund developed a basic policy on the management of plan assets, developed management guidelines in line with the basic policy, and issued these documents to the trustee. This helps the trustee to fulfill its obligation to manage plan assets safely and efficiently.

The Company has an obligation to make contributions at the amount set by the Fund over the future years. The amount of contributions is regularly reviewed to the extent permitted by laws and regulations.

In addition to the pension plans above, employees are qualified for receiving a lump-sum retirement payment when leaving the Company for reasons other than dismissals. The amount of payment is calculated based on factors such as the accumulated points based on occupational ability-based grading system and other similar system at the time of retirement as well as a payment rate based on the number of years of service. If the reason to leave the Company is an involuntary termination or death, the amount of payment exceeds the one in case of voluntary termination.

Additionally, the Company may provide extra retirement payments to its employees when they retire.

The Group's major plans are exposed to actuarial risks such as investment risk, interest rate risk, and longevity risk.

(i) Assets and liabilities recognized in the consolidated statements of financial position

The amounts of assets and liabilities recorded in the consolidated statements of financial position for the defined benefit plans are as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Present value of defined benefit obligations	¥ 130,661	¥ 139,714	\$ 817,244
Fair value of plan assets	(198,529)	(184,285)	(1,241,738)
Asset ceiling adjustments	36,455	3,767	228,015
Total	(31,413)	(40,804)	(196,479)
Amounts presented in the consolidated statements of financial position			
Retirement benefit liability	16,926	16,941	105,867
Retirement benefit asset	(48,339)	(57,745)	(302,346)
Net defined benefit liability/asset	¥ (31,413)	¥ (40,804)	\$ (196,479)

(ii) Present value of defined benefit obligations

Changes in present value of defined benefit obligations are as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026
Balance at beginning of period	¥139,714	¥149,117	\$873,868
Current service cost	4,307	4,504	26,939
Interest expenses	3,141	2,314	19,646
Remeasurements of defined benefit plans			
Actuarial gains and losses arising from changes in demographic assumptions	(23)	(14)	(144)
Actuarial gains and losses arising from changes in financial assumptions	(5,658)	(5,908)	(35,389)
Actuarial gains and losses arising from experience adjustment	(815)	786	(5,098)
Payment of benefits	(11,674)	(10,301)	(73,017)
Effects of business combination and disposal	38	(685)	238
Others	1,631	(99)	10,201
Balance at end of period	¥130,661	¥139,714	\$817,244

The weighted average duration of defined benefit obligations of the Company and its major consolidated subsidiaries is 13 years as of March 31, 2025, and March 31, 2026.

Defined benefit obligations and service costs are calculated based on actuarial assumptions such as discount rates and mortality rates. Making such assumptions necessitates estimates and judgments. The discount rate is based on the market yield on high-quality corporate bonds, and the mortality rate used is the latest mortality rate released by the Ministry of Health, Labour and Welfare.

Actuarial assumptions are determined by management's best estimates and judgments, but may be affected by changes in uncertain economic conditions. If such assumptions have to be revised, this could have a significant impact on amounts recognized in the consolidated financial statements for the following fiscal year.

The significant actuarial assumptions used in determining the present value of defined benefit obligations are as follows:

	As of March 31, 2026	As of March 31, 2025
Discount rate	3.1%	2.1%

Notes to Consolidated Financial Statements

If significant actuarial assumptions change, the impact on the present value of defined benefit obligations is as follows. Negative values indicate a decrease in defined benefit obligations, and positive values indicate an increase in defined benefit obligations:

Assumptions	Changes in assumptions	Impact on defined benefit obligations		
		Millions of yen		Thousands of U.S. dollars
		As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Discount rate	0.5 percentage point increase	¥(4,504)	¥(5,252)	\$(28,171)
	0.5 percentage point decrease	4,903	5,748	30,667

The above analysis shows the impact on the defined benefit obligations when one of the significant actuarial assumptions changes to the extent reasonable with the assumption that all the rest of the actuarial assumptions are constant, however, another actuarial assumption change may impact the defined benefit obligations as well.

(iii) Fair value of plan assets

The Company developed a basic policy on the management of plan assets and continues to monitor compliance with and appropriateness of the policy to ensure adequate plan assets to provide pension benefits to pensioners in the future. Given the risk of plan assets, the Company also developed a standard portfolio to achieve expected returns. Based on the standard portfolio, the Company manages plan assets by making investments in shares and bonds. The Company examines every year a range of gaps between long-term expected returns on plan assets and actual returns in order to determine whether or not the Company needs to revise the standard portfolio. The Company reviews the standard portfolio as necessary to achieve the expected returns on plan assets.

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

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Balance at beginning of period	¥184,285	¥214,012	\$1,152,646
Interest income	4,127	3,105	25,813
Remeasurements of defined benefit plans			
Return on plan assets	26,506	(10,210)	165,787
Contributions by the employer	745	1,596	4,660
Benefits	(10,734)	(9,003)	(67,138)
Partial return of plan assets (Note)	(7,100)	(15,000)	(44,408)
Others	700	(215)	4,378
Balance at end of period	¥198,529	¥184,285	\$1,241,738

Note: The plan assets of the Company were in a surplus relative to defined benefit obligations for both fiscal years ended March 31, 2025, and March 31, 2026. Given the expectation that this situation will continue, the Company converted the cash portion of the plan assets that had been contributed to the retirement benefit trust.

The Group plans to make contributions of ¥4,769 million in the fiscal year ending March 31, 2026.

The fair value of plan assets by asset category is as follows:

	Millions of yen						Thousands of U.S. dollars		
	As of March 31, 2026			As of March 31, 2025			As of March 31, 2026		
	With quoted market price in an active market	With no quoted market price in an active market	Total	With quoted market price in an active market	With no quoted market price in an active market	Total	With quoted market price in an active market	With no quoted market price in an active market	Total
Cash and cash equivalents	¥ 33,670	¥ —	¥ 33,670	¥ 14,911	¥ —	¥ 14,911	\$ 210,595	\$ —	\$ 210,595
Equity instruments									
Shares issued by Japanese companies	48,802	—	48,802	45,526	—	45,526	305,241	—	305,241
Shares issued by foreign companies	25,674	—	25,674	24,470	—	24,470	160,583	—	160,583
Debt instruments									
Bonds issued by Japanese companies	1,849	—	1,849	2,599	—	2,599	11,565	—	11,565
Bonds issued by foreign companies	50,150	—	50,150	56,535	—	56,535	313,673	—	313,673
Others (Note)	387	37,997	38,384	277	39,967	40,244	2,421	237,660	240,081
Total	¥160,532	¥37,997	¥198,529	¥144,318	¥39,967	¥184,285	\$1,004,078	\$237,660	\$1,241,738

Note: "Others" mainly includes investments of fund of funds and equity long-short hedge funds.

(iv) Changes in adjustments due to asset ceiling

Changes in adjustments due to asset ceiling are as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Balance at beginning of period	¥ 3,767	¥ —	\$ 23,561
Restriction on interest income	85	—	532
Remeasurements			
Effect of limiting net defined benefit assets to the asset ceiling	32,603	3,767	203,922
Balance at end of period	¥36,455	¥3,767	\$228,015

Note: There were unrecognized surpluses in some pension plans of the Company and the Group for the fiscal years ended March 31, 2025, and March 31, 2026, as economic benefits were unavailable as future contributions were not refunded.

(2) Defined contribution plans and public plans

Amounts recognized as expenses in defined contribution plans and public plans are as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026
Expenses in defined contribution plans	¥1,447	¥1,475	\$9,051
Expenses in public plans	52	61	325

(3) Employee benefits expenses

The total amounts of employee benefits expenses (excluding ones for employees who are engaged on research and development) included in "Cost of sales" and "Selling, general and administrative expenses" in the consolidated statements of income for the fiscal years ended March 31, 2026 and March 31, 2025 are ¥201,953 million and ¥197,428 million, respectively.

25. Provisions

The breakdown of changes in provisions for the fiscal year ended March 31, 2026 is as follows:

	Millions of yen			
	Asset retirement obligations	Provision for environmental measures	Others	Total
Balance as of April 1, 2025	¥3,452	¥14	¥ 4,826	¥ 8,292
Increase during period	48	6	1,288	1,342
Decrease during period (utilization)	(12)	—	(1,172)	(1,184)
Decrease during period (reversal)	—	—	93	93
Interest expense by discounting	20	—	—	20
Others	249	—	342	591
Balance as of March 31, 2026	3,757	20	5,377	9,154
Current liabilities	7	—	1,850	1,857
Non-current liabilities	3,750	20	3,527	7,297
Total	¥3,757	¥20	¥ 5,377	¥ 9,154

Notes to Consolidated Financial Statements

	Thousands of U.S. dollars			
	Asset retirement obligations	Provision for environmental measures	Others	Total
Balance as of April 1, 2025	\$21,591	\$ 88	\$30,185	\$51,864
Increase during period	300	37	8,057	8,394
Decrease during period (utilization)	(75)	—	(7,331)	(7,406)
Decrease during period (reversal)	—	—	582	582
Interest expense by discounting	125	—	—	125
Others	1,558	—	2,138	3,696
Balance as of March 31, 2026	23,499	125	33,631	57,255
Current liabilities	44	—	11,571	11,615
Non-current liabilities	23,455	125	22,060	45,640
Total	\$23,499	\$125	\$33,631	\$57,255

The breakdown of changes in provisions for the fiscal year ended March 31, 2025 is as follows:

	Millions of yen			
	Asset retirement obligations	Provision for environmental measures	Others	Total
Balance as of April 1, 2024	¥3,225	¥ 96	¥ 4,791	¥ 8,112
Increase during period	256	4	1,103	1,363
Decrease during period (utilization)	—	(86)	(1,132)	(1,218)
Decrease during period (reversal)	(42)	—	(320)	(362)
Interest expense by discounting	19	—	—	19
Others	(6)	—	384	378
Balance as of March 31, 2025	3,452	14	4,826	8,292
Current liabilities	12	—	1,165	1,177
Non-current liabilities	3,440	14	3,661	7,115
Total	¥3,452	¥ 14	¥ 4,826	¥ 8,292

Asset retirement obligations

Provisions for asset retirement obligations are mainly for dismantling and removal costs of plant facilities and offices held on land leased out to the Group overseas, to fulfill the obligation to restore the property to its original state. These expenses are mainly expected to be incurred after one year or longer from the lease; however, they are subject to the influence of a business plan or other aspects in the future.

Provision for environmental measures

The provision for environmental measures is an estimate of the total costs of equipment maintenance and treatment work related to measures to address soil pollution, etc. detected at the Company's manufacturing sites. These expenses are mainly expected to be incurred after one year or longer from the lease; however, they are subject to the influence of a business plan or other aspects in the future.

26. Other Liabilities

The breakdown of other liabilities is as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Accrued bonuses	¥17,952	¥17,259	\$112,284
Accrued paid leave	9,881	9,334	61,803
Accrued expenses	9,506	9,229	59,457
Accrued enterprise tax	2,164	2,381	13,535
Advances received	3,207	1,810	20,059
Others	6,927	5,768	43,327
Total	49,637	45,781	310,465
Current liabilities	49,453	45,643	309,313
Non-current liabilities	184	138	1,152
Total	¥49,637	¥45,781	\$310,465

27. Equity

(1) Share capital and treasury stock

The total number of shares authorized and the number of shares issued are as follows:

	Shares	
	Year ended March 31, 2026	Year ended March 31, 2025
The total number of shares authorized to be issued	600,000,000	600,000,000
The number of shares issued		
Balance at beginning of period	200,843,815	200,843,815
Changes during the period (Note 2)	200,843,815	—
Balance at end of period	401,687,630	200,843,815

Notes:

- All the shares the Company issued are no-par value common stock and are fully paid.
- The increase of 200,843,815 shares in the number of shares issued during the fiscal year ended March 31, 2026, resulted from the two-for-one split of common shares conducted on January 1, 2026.

Changes in the number of shares of treasury stock during the period are as follows:

	Shares	
	Year ended March 31, 2026	Year ended March 31, 2025
At the beginning of the period	13,502,745	10,709,181
Increase (Note 1)	21,021,817	2,836,167
Decrease (Note 2)	936,205	42,603
At the end of the period	33,587,357	13,502,745

Notes:

- The increase in the number of shares of treasury stock for the fiscal year ended March 31, 2025 is due to the purchase of 8,067 shares less than one unit and the acquisition of 2,828,100 shares through a resolution of the Board of Directors. The increase in the number of shares of treasury stock in the fiscal year ended March 31, 2026, is comprised as follows: purchases of 8,843 shares of less than one unit; acquisition of 8,416,400 shares by resolution of the Board of Directors; acquisition of 17,904 shares of restricted stock without consideration; and an increase of 12,578,670 shares of treasury stock pursuant to the two-for-one split of common shares conducted on January 1, 2026.
- The decrease in the number of shares of treasury stock for the fiscal year ended March 31, 2025 is due to the sale of 1,203 shares less than one unit and to the disposal of 41,400 shares as restricted share-based remuneration through a resolution of the Board of Directors. The decrease in the number of shares of treasury stock in the fiscal year ended March 31, 2026, is comprised as follows: the sale of 1,505 shares of less than one unit; the disposal of 29,900 shares of restricted stock as compensation by resolution of the Board of Directors; and the disposal of 904,800 shares in restricted stock incentives to the Employee Shareholding Association by resolution of the Board of Directors.

(2) Capital surplus and retained earnings

The capital surplus account is composed of amounts arising from equity transactions that are not included in share capital. Major components of the capital surplus account are legal capital surplus and other capital surplus. The retained earnings account is composed of legal retained earnings and other retained earnings.

The Companies Act of Japan requires that at least 50% of the contribution for share issue be appropriated as share capital and the rest be appropriated as legal capital surplus. The Companies Act of Japan also requires that 10% of surplus appropriated for dividends be reserved either as legal capital surplus or legal retained earnings until the total amount of legal capital surplus and legal retained earnings reaches 25% of the amount of share capital. Legal capital surplus and legal retained earnings cannot be the source of dividends, however, these can be transferred to capital surplus, other surplus or share capital upon approval at the General Meeting of Shareholders.

In addition, acquired treasury stock must be excluded in calculating the amount available for distribution. Acquired treasury stock of ¥56,987 million, and ¥42,652 million at March 31, 2026, and March 31, 2025, respectively, is excluded in calculating the amount available for distribution.

(3) Other components of equity

Other components of equity are as follows:

Financial assets measured at fair value through other comprehensive income

It is valuation difference on financial assets measured at fair value through other comprehensive income.

Remeasurement of defined benefit plans

Remeasurement of defined benefit plans represents the effect of gaps between actuarial assumptions at the beginning of the year and actual results as well as the effect of changes in actuarial assumptions. These effects are recognized in other comprehensive income when incurred and are immediately transferred from other components of equity to retained earnings.

Exchange differences on translation of foreign operations

These exchange differences occurred when foreign operations' financial statements prepared in foreign currencies are consolidated.

Effective portion of net changes in fair value of cash flow hedges

It is the amount of accumulated effective portion of gains or losses arising from changes in the fair value of hedging instruments for cash flow hedges.

The breakdown of each item of other comprehensive income and related amount of tax effects (including non-controlling interests) are as follows:

For the year ended March 31, 2026

	Millions of yen				
	Amount arising during the year	Reclassification adjustments	Before tax effects	Tax effects	After tax effects
Items that will not be reclassified to profit or loss					
Financial assets measured at fair value through other comprehensive income	¥ 8,075	¥ —	¥ 8,075	¥(1,998)	¥ 6,077
Remeasurements of defined benefit plans	383	—	383	(57)	326
Share of other comprehensive income of investments accounted for using equity method	535	—	535	—	535
Total of items that will not be reclassified to profit or loss	8,993	—	8,993	(2,055)	6,938
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations	27,842	(4,548)	23,294	(1,106)	22,188
Effective portion of net change in fair value of cash flow hedges	67	—	67	—	67
Share of other comprehensive income of investments accounted for using equity method	3,595	—	3,595	—	3,595
Total of items that may be reclassified to profit or loss	31,504	(4,548)	26,956	(1,106)	25,850
Total	¥40,497	¥(4,548)	¥35,949	¥(3,161)	¥32,788

	Thousands of U.S. dollars				
	Amount arising during the year	Reclassification adjustments	Before tax effects	Tax effects	After tax effects
Items that will not be reclassified to profit or loss					
Financial assets measured at fair value through other comprehensive income	\$ 50,507	\$ —	\$ 50,507	\$(12,497)	\$ 38,010
Remeasurements of defined benefit plans	2,396	—	2,396	(357)	2,039
Share of other comprehensive income of investments accounted for using equity method	3,346	—	3,346	—	3,346
Total of items that will not be reclassified to profit or loss	56,249	—	56,249	(12,854)	43,395
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations	174,143	(28,446)	145,697	(6,918)	138,779
Effective portion of net change in fair value of cash flow hedges	419	—	419	—	419
Share of other comprehensive income of investments accounted for using equity method	22,486	—	22,486	—	22,486
Total of items that may be reclassified to profit or loss	197,048	(28,446)	168,602	(6,918)	161,684
Total	\$253,297	\$(28,446)	\$224,851	\$(19,772)	\$205,079

For the year ended March 31, 2025

	Millions of yen				
	Amount arising during the year	Reclassification adjustments	Before tax effects	Tax effects	After tax effects
Items that will not be reclassified to profit or loss					
Financial assets measured at fair value through other comprehensive income	¥ (3,199)	¥ —	¥ (3,199)	¥ 839	¥(2,360)
Remeasurements of defined benefit plans	(8,559)	—	(8,559)	2,278	(6,281)
Share of other comprehensive income of investments accounted for using equity method	(458)	—	(458)	—	(458)
Total of items that will not be reclassified to profit or loss	(12,216)	—	(12,216)	3,117	(9,099)
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations	358	(180)	178	140	318
Effective portion of net change in fair value of cash flow hedges	(1)	—	(1)	(5)	(6)
Share of other comprehensive income of investments accounted for using equity method	863	—	863	—	863
Total of items that may be reclassified to profit or loss	1,220	(180)	1,040	135	1,175
Total	¥(10,996)	¥(180)	¥(11,176)	¥3,252	¥(7,924)

28. Dividends

For the year ended March 31, 2026

i) Dividends paid

Dividends paid are as follows:

Resolution	Type of shares	Total cash dividends paid (Millions of yen)	Source of dividends	Cash dividends per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders on June 24, 2025	Common stock	¥14,051	Retained earnings	¥75.00	March 31, 2025	June 25, 2025
Board of Directors' meeting held on November 11, 2025	Common stock	14,120	Retained earnings	75.00	September 30, 2025	December 2, 2025

Resolution	Type of shares	Total cash dividends paid (Thousands of U.S. dollars)	Source of dividends	Cash dividends per share (U.S. dollars)	Record date	Effective date
Annual General Meeting of Shareholders on June 24, 2025	Common stock	\$87,885	Retained earnings	\$0.469	March 31, 2025	June 25, 2025
Board of Directors' meeting held on November 11, 2025	Common stock	88,316	Retained earnings	0.469	September 30, 2025	December 2, 2025

Note: The Company conducted a two-for-one stock split effective January 1, 2026. Per-share amounts for the cash dividends represent the pre-split value.

ii) Dividends whose record date is within the fiscal year ended March 31, 2026, however, whose effective date is in the fiscal year ending March 31, 2027

Of the cash dividends whose record dates were within the fiscal year ended March 31, 2026, those whose effective dates are within the fiscal year ending March 31, 2027 are scheduled to be submitted for the resolution of the Annual General Meeting of Shareholders on June 24, 2026, as follows:

Resolution proposal	Type of shares	Total cash dividends paid (Millions of yen)	Source of dividends	Cash dividends per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders on June 24, 2026	Common stock	¥13,804	Retained earnings	¥37.50	March 31, 2026	June 25, 2026

Resolution proposal	Type of shares	Total cash dividends paid (Thousands of U.S. dollars)	Source of dividends	Cash dividends per share (U.S. dollars)	Record date	Effective date
Annual General Meeting of Shareholders on June 24, 2026	Common stock	\$86,340	Retained earnings	\$0.235	March 31, 2026	June 25, 2026

Note: The Company conducted a two-for-one stock split effective January 1, 2026. Per-share amounts for the cash dividends represent the post-split value.

For the year ended March 31, 2025

i) Dividends paid

Dividends paid are as follows:

Resolution	Type of shares	Total cash dividends paid (Millions of yen)	Source of dividends	Cash dividends per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders on June 25, 2024	Common stock	¥13,309	Retained earnings	¥70.00	March 31, 2024	June 26, 2024
Board of Directors' meeting held on November 7, 2024	Common stock	14,263	Retained earnings	75.00	September 30, 2024	December 3, 2024

ii) Dividends whose record date is within the fiscal year ended March 31, 2025, however, whose effective date is in the fiscal year ended March 31, 2026

Dividends whose record date is within the fiscal year ended March 31, 2025, however, whose effective date is in the fiscal year ending March 31, 2026 are as follows:

Resolution	Type of shares	Total cash dividends paid (Millions of yen)	Source of dividends	Cash dividends per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders on June 24, 2025	Common stock	¥14,051	Retained earnings	¥75.00	March 31, 2025	June 25, 2025

29. Sales Revenue

(1) Disaggregation of revenue

The Group is composed of the following business segments: Life & Healthcare Solutions, Mobility Solutions, ICT Solutions, and Basic & Green Materials, and Others, whose operating results are regularly reviewed by the Board of Directors of the Company to make decisions about management resource allocation and assess their performance. Therefore, turnover recognized from these businesses is presented as sales revenue. The Group further disaggregates revenue from contracts with customers into the sale of products and merchandise, license income, and other based on the contracts with customers.

The relationship between these disaggregated sales revenue and sales revenue of each reportable segment is as follows:

For the year ended March 31, 2026

	Millions of yen						
	Life & Healthcare Solutions	Mobility Solutions	ICT Solutions	Basic & Green Materials	Total of reportable segments	Others	Total
Sale of products and merchandise	¥257,226	¥514,887	¥279,399	¥598,930	¥1,650,442	¥11,573	¥1,662,015
License income	1,850	519	37	992	3,398	—	3,398
Others	—	—	—	—	—	3,341	3,341
Total	¥259,076	¥515,406	¥279,436	¥599,922	¥1,653,840	¥14,914	¥1,668,754

	Thousands of U.S. dollars						
	Life & Healthcare Solutions	Mobility Solutions	ICT Solutions	Basic & Green Materials	Total of reportable segments	Others	Total
Sale of products and merchandise	\$1,608,869	\$3,220,459	\$1,747,554	\$3,746,123	\$10,323,005	\$72,385	\$10,395,390
License income	11,571	3,246	232	6,204	21,253	—	21,253
Others	—	—	—	—	—	20,898	20,898
Total	\$1,620,440	\$3,223,705	\$1,747,786	\$3,752,327	\$10,344,258	\$93,283	\$10,437,541

Notes:

- The above amounts are net of internal transactions among Group companies.
- Most of the Group's sales revenue is recognized from contracts with customers. Revenue recognized from other sources is immaterial.

For the year ended March 31, 2025

	Millions of yen						
	Life & Healthcare Solutions	Mobility Solutions	ICT Solutions	Basic & Green Materials	Total of reportable segments	Others	Total
Sale of products and merchandise	¥250,289	¥554,632	¥277,565	¥709,163	¥1,791,649	¥11,533	¥1,803,182
License income	1,388	479	32	879	2,778	—	2,778
Other	—	—	—	—	—	3,204	3,204
Total	¥251,677	¥555,111	¥277,597	¥710,042	¥1,794,427	¥14,737	¥1,809,164

Notes:

- The above amounts are net of internal transactions between Group companies.
- Most of the Group's sales revenue is recognized from contracts with customers. Revenue recognized from other sources is immaterial.

Notes to Consolidated Financial Statements

The Group is primarily engaged in business activities related to the manufacture and sale of goods or services in the Life & Healthcare Solutions, Mobility Solutions, ICT Solutions, and Basic & Green Materials segments. Revenue from these businesses is measured based on the consideration clearly stated in contracts with customers, and excludes amounts collected for third parties. The amount of sales revenue including variable consideration is included in transaction prices only to the extent that a significant reversal of accumulated revenue recognized is very unlikely to occur when uncertainties over the variable consideration are later dispelled.

The Group recognizes revenue from the manufacture and sale of products upon the delivery of the products because it is when the Group deems that customers have obtained control of the products and performance obligations have been satisfied. The consideration of a transaction is generally received within one year after the performance obligation is satisfied. The contract for the transaction does not include a significant financing component.

Of license income, the Group records revenue from patent license agreements at the time the assignment or provision agreement takes effect. The Group also recognizes revenue from net sales-based royalties promised in exchange for the license of intellectual property at the time either of the following occurs, whichever is later:

- Subsequent sales or use occurs, or
- The performance obligation to which some or all net sales-based or usage-based royalties are allocated is satisfied (or partially satisfied).

(2) Contract balances

Information on receivables from contracts with customers and contract liabilities is as follows:

In the consolidated statements of financial position, receivables from contracts with customers are included in "Trade receivables," and contract liabilities are included in "Trade payables" and "Other non-current liabilities."

	Millions of yen			Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of April 1, 2024	As of March 31, 2026
Receivables from contracts with customers	¥327,640	¥349,481	¥365,896	\$2,049,287
Contract liabilities	1,838	1,957	2,908	11,496

Contract liabilities are mainly related to advance consideration received from customers.

Of revenue recognized for the fiscal years ended March 31, 2026 and March 31, 2025, amounts included in the beginning balance of contract liabilities are ¥1,927 million and ¥2,710 million, respectively. In the fiscal year ended March 31, 2026 and the fiscal year ended March 31, 2025, the amount of revenue recognized from performance obligations satisfied (or partially satisfied) in the previous period was insignificant.

There are no contract assets as of March 31, 2026 or March 31, 2025.

(3) Transaction price allocated to the remaining performance obligations

Since the Group does not have any significant transactions whose expected individual contract term exceeds one year, practical expedients have been applied and information regarding remaining performance obligations is omitted.

(4) Assets recognized from the costs to obtain or fulfill contracts with customers

There are no costs to obtain or fulfill contracts with customers for the fiscal years ended March 31, 2026 or March 31, 2025.

30. Selling, General and Administrative Expenses

The breakdown of selling, general and administrative expenses is as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026
Personnel expenses	¥ 82,190	¥ 80,791	\$ 514,073
Research and development expenses	46,429	45,781	290,399
Transportation and storage fees	74,408	77,742	465,399
Depreciation and amortization	17,549	17,782	109,764
Others	73,964	73,256	462,622
Total	¥294,540	¥295,352	\$1,842,257

31. Share-Based Payment

(1) Overview of restricted stock compensation plan

The Company has introduced a restricted stock compensation plan (hereinafter the "Plan") for directors (excluding outside directors), executive officers, and chief senior directors (hereinafter collectively "Eligible Directors, etc.") for the purposes of granting Eligible Directors, etc. incentives for sustainable improvement of corporate value of the Company and promoting greater shared value with shareholders, and accounts for as equity-settled payments.

The transfer restriction period for shares granted under the plan is set from the grant date until the time the officer or employee of the Company retires or resigns from a position predetermined by the Board of Directors, including member of the board, Audit & Supervisory Board member, executive officer, chief senior director, senior director, councilor, advisor, senior advisor, or any other similar position.

(2) The number of shares of the Company granted during the period based on the restricted stock compensation plan, and the weighted-average fair value

The number of shares of the Company granted during the period and the weighted-average fair value per share are as follows:

	Year ended March 31, 2026		Year ended March 31, 2025
	Yen		U.S. dollars
	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026
The number of shares granted during the year	59,800 shares		82,800 shares
The weighted-average fair value per share	¥1,552	¥2,157	\$10

Notes:

- On January 1, 2026, the Company conducted a two-for-one stock split of its common shares.
The number of shares granted during the year and weighted-average fair value per share are both stated assuming that the stock split had been conducted at the beginning of FY2024.
- The fair value of share-based payment is measured with reference to the share price on the grant date.

(3) Expenses for share-based payment

The total amount of expenses recognized under the restricted stock compensation plan is as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026
Equity-settled payment	¥93	¥179	\$582

The expenses above are recorded in "Selling, general and administrative expenses" in the consolidated statements of income.

32. Research and Development Expenses

Research and development expenses recognized as expenses are as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026
Research and development expenses	¥46,429	¥45,781	\$290,399

33. Other Operating Income and Other Operating Expenses

The breakdown of other operating income and other operating expenses is as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026
Gain on sale of fixed assets	¥ 442	¥ 334	\$ 2,765
Insurance income	3,854	2,683	24,106
Rental income	346	325	2,164
Gain on negative goodwill	2,585	—	16,168
Others	1,039	1,980	6,499
Total of other operating income	8,266	5,322	51,702
Loss on sale and retirement of fixed assets	8,527	9,557	53,334
Impairment loss (Note)	21,913	18,515	137,059
Loss on related businesses	3,984	—	24,919
Others	3,210	4,283	20,077
Total of other operating expenses	¥37,634	¥32,355	\$235,389

Note: In the fiscal year ended March 31, 2026, following a decision to sell the Company's equity stake in Shanghai Sinopec Mitsui Chemicals Co., Ltd., an investment accounted for by the equity method, the Company recorded an impairment loss.

In the fiscal year ended March 31, 2025, having determined that there was objective evidence of impairment due to a decline in the market value of its investment in Japan Medical Dynamic Marketing, Inc., which is accounted for using the equity method, the Company recorded an impairment loss. Details are described in Note 18 "Impairment of Non-Financial Assets."

34. Financial Income and Financial Expenses

(1) Financial income

The breakdown of financial income is as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026
Dividend income	¥ 1,517	¥1,516	\$ 9,488
Interest income	6,528	5,722	40,831
Foreign exchange gains	2,990	—	18,702
Others	191	775	1,195
Total	¥11,226	¥8,013	\$70,216

(2) Financial expenses

The breakdown of financial expenses is as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026
Interest expenses			
Financial liabilities measured at amortized cost	¥ 8,113	¥ 7,723	\$ 50,744
Lease obligations	762	792	4,766
Accrual of allowance for doubtful accounts	4,177	(214)	26,126
Foreign exchange losses	—	3,388	—
Others	3,375	3,013	21,110
Total	¥16,427	¥14,702	\$102,746

35. Income Taxes

(1) Deferred tax

(i) The breakdown of deferred tax assets and liabilities, and the details of changes

The details of deferred tax assets and liabilities by major reasons and movements are as follows:

i) For the year ended March 31, 2026

	Millions of yen				
	April 1, 2025	Recognized through profit or loss	Recognized in other comprehensive income	Others (Note)	March 31, 2026
Deferred tax assets					
Accrued bonuses	¥ 5,031	¥ 216	¥ —	¥ 21	¥ 5,268
Retirement benefit liability	11,555	839	(67)	(38)	12,289
Tax loss carryforward	1,902	665	—	63	2,630
Excess depreciation	5,540	(505)	—	39	5,074
Inventories	1,812	(199)	—	(34)	1,579
Adjustment accounts	3,857	(1,976)	—	—	1,881
Lease liabilities	8,938	756	—	323	10,017
Gain (loss) on investments in retirement benefit trust	4,045	147	—	—	4,192
Provision for paid leave	2,451	182	—	13	2,646
Others (Note)	11,668	250	7	(651)	11,274
Total deferred tax assets	¥56,799	¥ 375	¥ (60)	¥ (264)	¥ 56,850
Deferred tax liabilities					
Retirement benefit asset	25,997	112	(194)	2	25,917
Gain on contribution of securities to retirement benefit trust	6,108	—	(1,048)	—	5,060
Financial assets measured at fair value through other comprehensive income	8,169	(1)	1,503	—	9,671
Retained earnings of subsidiaries, affiliates, etc.	14,895	827	1,126	1	16,849
Property, plant and equipment	7,658	4,193	—	108	11,959
Valuation difference	9,474	(903)	—	1,360	9,931
Right-of-use assets	11,303	540	—	301	12,144
Others (Note)	12,826	(602)	(1,219)	(189)	10,816
Total deferred tax liabilities	¥96,430	¥ 4,166	¥ 168	¥1,583	¥102,347

Notes to Consolidated Financial Statements

	Thousands of U.S. dollars				
	April 1, 2025	Recognized through profit or loss	Recognized in other comprehensive income	Others (Note)	March 31, 2026
Deferred tax assets					
Accrued bonuses	\$ 31,467	\$ 1,351	\$ —	\$ 132	\$ 32,950
Retirement benefit liability	72,273	5,248	(419)	(238)	76,864
Tax loss carryforward	11,896	4,159	—	395	16,450
Non-current assets	34,651	(3,159)	—	244	31,736
Inventories	11,334	(1,245)	—	(213)	9,876
Adjustment accounts	24,124	(12,359)	—	—	11,765
Lease liabilities	55,904	4,729	—	2,020	62,653
Gain (loss) on investments in retirement benefit trust	25,300	920	—	—	26,220
Provision for paid leave	15,330	1,138	—	82	16,550
Others (Note)	72,981	1,564	44	(4,073)	70,516
Total deferred tax assets	\$355,260	\$ 2,346	\$ (375)	\$(1,651)	\$355,580
Deferred tax liabilities					
Retirement benefit asset	162,603	701	(1,213)	12	162,103
Gain on contribution of securities to retirement benefit trust	38,204	—	(6,555)	—	31,649
Financial assets measured at fair value through other comprehensive income	51,095	(6)	9,400	—	60,489
Retained earnings of subsidiaries, affiliates, etc.	93,164	5,173	7,043	5	105,385
Property, plant and equipment	47,898	26,226	—	676	74,800
Valuation difference	59,257	(5,648)	—	8,506	62,115
Right-of-use assets	70,697	3,378	—	1,882	75,957
Others (Note)	80,222	(3,767)	(7,624)	(1,180)	67,651
Total deferred tax liabilities	\$603,140	\$ 26,057	\$ 1,051	\$ 9,901	\$640,149

Note: "Others" includes exchange differences on translation of foreign operations, changes due to differences in the scope of consolidation, and changes due to transfers to asset groups held for sale.

ii) For the year ended March 31, 2025

	Millions of yen				
	April 1, 2024	Recognized through profit or loss	Recognized in other comprehensive income	Other (Note)	March 31, 2025
Deferred tax assets					
Accrued bonuses	¥ 5,251	¥ 143	¥ —	¥ (363)	¥ 5,031
Retirement benefit liability	10,912	1,943	4	(1,304)	11,555
Tax loss carryforward	1,851	48	—	3	1,902
Excess depreciation	6,315	(500)	—	(275)	5,540
Inventories	1,914	(68)	—	(34)	1,812
Adjustment accounts	5,729	(1,871)	—	(1)	3,857
Lease liabilities	11,022	(1,353)	—	(731)	8,938
Gain (loss) on investments in retirement benefit trust	5,015	(970)	—	—	4,045
Provision for paid leave	2,388	209	—	(146)	2,451
Others (Note)	13,691	(2,461)	(4)	442	11,668
Total deferred tax assets	¥ 64,088	¥(4,880)	¥ 0	¥(2,409)	¥56,799
Deferred tax liabilities					
Retirement benefit asset	28,150	539	(2,387)	(305)	25,997
Gain on contribution of securities to retirement benefit trust	6,888	—	(672)	(108)	6,108
Financial assets measured at fair value through other comprehensive income	9,476	—	(557)	(750)	8,169
Retained earnings of subsidiaries, affiliates, etc.	13,446	1,590	(141)	—	14,895
Property, plant and equipment	8,067	(284)	—	(125)	7,658
Valuation difference	9,743	(172)	—	(97)	9,474
Right-of-use assets	13,106	(1,067)	—	(736)	11,303
Others (Note)	12,309	(1,066)	1,295	288	12,826
Total deferred tax liabilities	¥101,185	¥ (460)	¥(2,462)	¥(1,833)	¥96,430

Note: "Others" includes exchange differences on translation of foreign operations, changes due to differences in the scope of consolidation, and changes due to transfers to asset groups held for sale.

(Change in presentation method)

"Gain (loss) on investments in retirement benefit trust" and "Provision for paid leave," which had been included in "Others" in the fiscal year ended March 31, 2025 in the note under deferred tax assets, have been presented separately from the fiscal year ended March 31, 2026, to enhance the clarity of disclosure. To reflect this change in presentation method, notes for the fiscal year ended March 31, 2025 have been reclassified in terms of the breakdown of deferred tax assets and liabilities and the details of changes.

In recognizing deferred tax assets, the Group records deductible temporary differences and tax loss carryforwards to the extent that it is probable that taxable income will be available against which the deductible temporary differences and unused tax loss carryforwards can be utilized.

The recoverability of deferred tax assets is determined based on the sufficiency of taxable income based on profitability in the consolidated tax group with the Company as consolidated parent, tax planning opportunities, and the sufficiency of taxable temporary differences. Estimates of future taxable income based on profitability are based on the Group's business plan for the year ending March 31, 2027, which includes growth and expansion through the investment of resources to strengthen the foundation of Group global management. The business plan includes key assumptions made by management regarding forecast sales volume related to revenue.

The Group's businesses are wide-ranging and may be affected by changes in uncertain economic conditions, including global economic trends stemming. If future taxable income results differ from initial estimates due to changes in forecast sales volume, this could have a significant impact on amounts recognized in the consolidated financial statements for the following fiscal year.

The bulk of the balance of deferred tax assets of the Group is related to the consolidated tax group with the Company as consolidated parent, and the Company records most of them on its books.

Applying the exceptions stipulated in IAS 12, the Group does not recognize or disclose information about deferred tax assets and liabilities related to income tax arising from global minimum tax rules.

Notes to Consolidated Financial Statements

For some subsidiaries that posted a net loss for whom the recoverability of deferred tax assets depends on their future taxable income, the Group recognized deferred tax assets of ¥16,648 million at March 31, 2026 and ¥2,542 million at March 31, 2025. The future taxable income used by these companies in recognizing deferred tax assets is based on the assumptions of a business plan approved by management. Based on past plans and performance trends, the Company considers the recoverability of the deferred tax to be unproblematic.

(ii) Deductible temporary differences and tax loss carryforward for which no deferred tax assets are recognized

The amounts of deductible temporary differences and tax loss carryforward for unrecognized deferred tax assets as well as the expiration year of such tax loss carryforward and tax credit carryforward are as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Tax loss carryforward	¥181,127	¥103,222	\$1,132,894
Due within one year	1,792	2,896	11,208
Due after one year through five years	9,999	8,338	62,541
Due after five years	169,336	91,988	1,059,144
Deductible temporary differences	231,831	185,088	1,450,031
Total	¥412,958	¥288,310	\$2,582,925

The Group in Japan has adopted the Japanese Group Relief System.

Deferred tax assets related to local taxes (resident tax and business tax), which are not applicable under the Japanese Group Relief System, are included in "Deductible temporary differences and tax loss carryforward for which no deferred tax assets are recognized" above.

(iii) Taxable temporary differences on investments in subsidiaries and other entities that do not recognize deferred tax liabilities

The total amount of taxable temporary differences on investments in subsidiaries and other entities that do not recognize deferred tax liabilities is ¥34,035 million, and ¥29,796 million at March 31, 2026 and March 31, 2025, respectively. The Group does not recognize deferred tax liabilities if it can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

(2) Income tax expense

(i) Breakdown of income tax expense

The breakdown of income taxes is as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026
Current tax expenses	¥19,559	¥24,233	\$122,335
Prior period restatement	(1,652)	365	(10,333)
Deferred tax expenses			
Origination and reversal of temporary differences, etc.	(5,534)	(3,346)	(34,613)
Revision to and reversal of deferred tax assets	9,325	7,766	58,325
Total of deferred tax expenses	3,791	4,420	23,712
Total income tax expense	¥21,698	¥29,018	\$135,714

In Japan, where the Company is located, the Income Inclusion Rule (IIR), one of the global minimum corporate tax rules of the G20/OECD Inclusive Framework on BEPS, was introduced by the 2023 Tax Reform. If the tax burden of subsidiaries, etc. is less than the 15% minimum tax rate, the Company is subject to additional taxation up to the minimum tax rate.

In addition, a Qualified Domestic Minimum Top-Up Tax (QDMTT) has been introduced in some jurisdictions in which the Group operates. Subsidiaries, etc. located in those jurisdictions are subject to additional taxation until their taxation level reaches the 15% minimum tax rate.

The impact of these taxes on the Group's consolidated financial statements was immaterial.

(ii) Reconciliation of applicable tax rate

The Company is subject to income tax, corporate inhabitant tax, and corporate enterprise tax. The effective statutory tax rate used to calculate these taxes for the fiscal years ended March 31, 2026 and March 31, 2025 is 30.6% for both years. For its foreign subsidiaries, they are subject to income taxes in their locations.

The breakdown of major reconciling items between the effective statutory tax rate and the average actual tax rate is as follows:

	Year ended March 31, 2026	Year ended March 31, 2025
Effective statutory tax rate	30.6%	30.6%
Expenses not subject to deduction, such as entertainment expenses	2.5	1.6
Income not subject to tax, such as dividend income	4.4	2.7
Differences in tax rates of consolidated foreign subsidiaries	(15.3)	(8.4)
Changes in unrecognized deferred tax assets	15.4	13.3
Share of profit (loss) of investments accounted for using equity method	(7.9)	(5.3)
Tax deduction for research expenses, etc.	(1.5)	(1.2)
Adjustment for income taxes for prior periods	(1.8)	0.0
Withholding taxes on dividends from foreign subsidiaries	1.4	1.8
Retained earnings of consolidated foreign subsidiaries	1.2	2.1
Others	2.6	3.2
Actual tax rate	31.6%	40.4%

(Change in presentation method)

“Retained earnings of consolidated foreign subsidiaries,” which had been included in “Others” in the fiscal year ended March 31, 2025, have been presented separately from the fiscal year ended March 31, 2026, to enhance the clarity of disclosure. To reflect this change in presentation method, notes for the fiscal year ended March 31, 2025 have been reclassified.

36. Per Share Information

The basis for calculation of basic earnings per share is as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026
Net income attributable to common shareholders of the parent	¥34,378	¥32,242	\$215,024
	Shares		
	Year ended March 31, 2026	Year ended March 31, 2025	
The average number of common shares during the period	375,211,777	378,073,390	
	Yen		U.S. dollars
	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026
Basic earnings per share	¥91.62	¥85.28	\$0.57

Note: Diluted earnings per share are not stated as potential dilutive shares do not exist.

On January 1, 2026, the Company conducted a two-for-one stock split of its common shares. Basic earnings per share has been calculated assuming that the stock split had been conducted at the beginning of FY2024.

37. Financial Instruments

(1) Capital management

While the Company's top priority is the enhancement of corporate value through business growth and expansion, the Company also sees the return of profit to its shareholders as a key management priority.

To this end, the Company uses operating income before special items, net income attributable to owners of the parent, ROIC (return on invested capital), net debt to equity, and ROE (return on equity) as key indicators for capital management with a basic policy of ensuring financial soundness and optimizing the capital efficiency of business activities.

The Company is not subject to any material capital restrictions.

(2) Financial risk management policy

The Company is exposed to various financial risks (credit risk, liquidity risk and market risk) in the course of performing business activities and performs risk management in accordance with relevant policies to avoid or mitigate these risks.

The Company uses derivatives to avoid the risks explained below and does not engage in speculative transactions. The finance division executes and manages the Company's derivative transactions upon approval of the officer in charge. The finance division reports the results of such transactions to the Management Committee every six months. The Company's consolidated subsidiaries also execute and manage derivative transactions in accordance with their management standards.

(3) Credit risk management

Notes and accounts receivable—trade, i.e., trade receivables, and receivables other than trade receivables are exposed to credit risks of customers. Trade receivables denominated in foreign currencies arising from doing business overseas are exposed to foreign exchange fluctuation risk, and a certain amount of such receivables is hedged using forward exchange contracts and other instruments, except for those within outstanding balance of accounts payable—trade denominated in the same foreign currencies.

In accordance with the internal credit management rules, the Company regularly monitors the status of trade receivables of counterparties and manages due dates and balances for each business partner, while working to early identify and mitigate any concerns about collections due to deterioration in their financial position and other factors. The Company's consolidated subsidiaries also manage credit risk in the same manner in accordance with the Company's credit management rules.

The Company and its consolidated subsidiaries engage in derivative transactions with creditworthy financial institutions and therefore believe that it is exposed to minimal credit risk arising from default of counterparties.

The maximum exposure to the credit risk as of the end of the fiscal year is the carrying amount of financial assets less allowance for doubtful accounts stated in the consolidated statements of financial position. The maximum exposure to the credit risk associated with debt guarantees is the amount of guaranteed liabilities stated in Note 41 "Contingent Liabilities."

In connection with these credit risk exposures, the Company mainly holds deposits as collateral for some trade receivables. The Company has neither significant exposure to credit risk related to particular counterparties nor excessive concentration of credit risk that requires special attention.

The amount of allowance for doubtful accounts is calculated as follows:

- Trade receivables

The allowance is calculated by multiplying the carrying amount of receivables by the provision rate calculated by considering future prospects of economic conditions and relevant factors in addition to the historical rate of credit losses. Provided, however, that if the asset meets criteria for credit-impaired financial assets, the amount of allowance is calculated on an individual basis by considering future prospects of economic conditions and other factors in addition to the financial conditions of counterparty.

- Receivables other than trade receivables

For assets for which credit risk is not considered to have increased significantly, the amount of allowance is calculated by multiplying the carrying amount by the provision rate that is determined by considering future prospects of economic conditions and other factors in addition to the historical rate of credit losses of similar assets.

For financial assets and credit-impaired financial assets whose credit risk is considered to have increased significantly from the time of initial recognition, anticipated credit losses over a 12-month period or for the entire period are estimated. Such estimates are based on numerous assumptions and estimates, including the possibility of default, timing of credit recovery, forecasts regarding the future amount of loss incurred, and discount rates. Management of the Group determines that actual losses may be more or less than expected losses. If underlying assumptions change, initial estimates and assumptions may differ significantly from the actual amount of impairment loss on financial assets measured at amortized cost, which could have a significant impact on amounts recognized in the consolidated financial statements for the following fiscal year.

The allowance for doubtful accounts for financial assets is included in "Trade receivables" and "Other financial assets" in the consolidated statements of financial position.

Changes in allowance for doubtful accounts are as follows:

Year ended March 31, 2026

	Millions of yen				
	Trade receivables	Receivables other than trade receivables			
	Financial assets always measured at an amount equal to lifetime expected credit losses	Financial assets measured at an amount equal to 12-month expected credit losses	Financial assets whose credit risk has increased significantly	Credit-impaired financial assets	Total
Balance at beginning of period	¥ 781	¥—	¥809	¥27,237	¥28,827
Increase during period	229	—	62	6,895	7,186
Decrease during period (utilization)	(22)	—	—	(78)	(100)
Decrease during period (reversal)	(237)	—	—	(100)	(337)
Others	68	—	—	—	68
Balance at end of period	¥ 819	¥—	¥871	¥33,954	¥35,644

	Thousands of U.S. dollars				
	Trade receivables	Receivables other than trade receivables			
	Financial assets always measured at an amount equal to lifetime expected credit losses	Financial assets measured at an amount equal to 12-month expected credit losses	Financial assets whose credit risk has increased significantly	Credit-impaired financial assets	Total
Balance at beginning of period	\$ 4,885	\$—	\$5,060	\$170,359	\$180,304
Increase during period	1,432	—	388	43,126	44,946
Decrease during period (utilization)	(138)	—	—	(487)	(625)
Decrease during period (reversal)	(1,482)	—	—	(626)	(2,108)
Others	425	—	—	—	425
Balance at end of period	\$ 5,122	\$—	\$5,448	\$212,372	\$222,942

The increase in allowance for doubtful accounts for the fiscal year ended March 31, 2026 is mainly for credit-impaired financial assets.

Year ended March 31, 2025

	Millions of yen				
	Trade receivables	Receivables other than trade receivables			
	Financial assets always measured at an amount equal to lifetime expected credit losses	Financial assets measured at an amount equal to 12-month expected credit losses	Financial assets whose credit risk has increased significantly	Credit-impaired financial assets	Total
Balance at beginning of period	¥1,124	¥ 1	¥569	¥24,869	¥26,563
Increase during period	320	—	11	2,703	3,034
Decrease during period (utilization)	(73)	(0)	—	(235)	(308)
Decrease during period (reversal)	(236)	(0)	(6)	(100)	(342)
Others	(354)	(1)	235	—	(120)
Balance at end of period	¥ 781	¥—	¥809	¥27,237	¥28,827

(4) Liquidity risk management

Liquidity risk is the risk that the Group is unable to perform its repayment obligations of financial liabilities on the due date. The Company manages liquidity risk by having the finance division prepare and update a cash flow management plan in a timely manner based on cash flow schedules of respective departments taking efficient use of funds into account, as well as by preparing for alternative means of financing such as commitment line and overdraft facility.

The balances of major financial liabilities (including derivative financial instruments) by due date are as follows:

Notes to Consolidated Financial Statements

(i) As of March 31, 2026

	Millions of yen							
	Carrying amount	Contractual cash flows	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Non-derivative financial liabilities								
Trade payables	¥ 133,628	¥ 133,628	¥133,628	¥ —	¥ —	¥ —	¥ —	¥ —
Short-term borrowings	139,000	139,000	139,000	—	—	—	—	—
Commercial papers	102,000	102,000	102,000	—	—	—	—	—
Long-term borrowings	348,191	364,829	33,611	39,544	33,877	31,364	74,925	151,508
Bonds payable	151,000	158,188	26,103	18,051	25,875	30,780	480	56,899
Lease liabilities	55,651	60,289	10,115	8,964	8,176	6,828	6,312	19,894
Others	100,225	100,224	93,743	661	321	14	0	5,485
Derivative financial liabilities								
Currency-related	452	452	4	358	90	—	—	—
Interest rate-related	45	45	—	—	—	—	45	—
Others	5	5	5	—	—	—	—	—
Total	¥1,030,197	¥1,058,660	¥538,209	¥67,578	¥68,339	¥68,986	¥81,762	¥233,786

	Thousands of U.S. dollars							
	Carrying amount	Contractual cash flows	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Non-derivative financial liabilities								
Trade payables	\$ 835,802	\$ 835,802	\$ 835,802	\$ —	\$ —	\$ —	\$ —	\$ —
Short-term borrowings	869,402	869,402	869,402	—	—	—	—	—
Commercial papers	637,978	637,978	637,978	—	—	—	—	—
Long-term borrowings	2,177,827	2,281,893	210,226	247,336	211,890	196,172	468,633	947,636
Bonds payable	944,458	989,417	163,266	112,903	161,840	192,519	3,002	355,887
Lease liabilities	348,080	377,089	63,266	56,067	51,138	42,707	39,480	124,431
Others	626,877	626,870	586,334	4,135	2,008	88	1	34,305
Derivative financial liabilities								
Currency-related	2,827	2,827	25	2,239	563	—	—	—
Interest rate-related	281	281	—	—	—	—	281	—
Others	32	32	32	—	—	—	—	—
Total	\$6,443,564	\$6,621,591	\$3,366,331	\$422,680	\$427,439	\$431,486	\$511,396	\$1,462,259

(ii) As of March 31, 2025

	Millions of yen							
	Carrying amount	Contractual cash flows	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Non-derivative financial liabilities								
Trade payables	¥ 157,742	¥ 157,742	¥157,742	¥ —	¥ —	¥ —	¥ —	¥ —
Short-term borrowings	173,790	173,790	173,790	—	—	—	—	—
Commercial papers	61,000	61,000	61,000	—	—	—	—	—
Long-term borrowings	312,186	324,656	9,636	31,228	37,339	31,803	29,343	185,307
Bonds payable	191,000	198,194	41,155	26,103	18,052	25,875	30,766	56,243
Lease liabilities	53,767	58,977	9,440	8,432	7,703	7,150	5,753	20,499
Others	108,791	108,689	102,094	851	330	3	1	5,410
Derivative financial liabilities								
Currency-related	309	309	3	122	122	62	—	—
Interest rate-related	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—
Total	¥1,058,585	¥1,083,357	¥554,860	¥66,736	¥63,546	¥64,893	¥65,863	¥267,459

Financial guarantee contracts are not included in the tables above. The obligation to pay under financial guarantee contracts arises upon request. The details of financial guarantee contracts are stated in Note 41 "Contingent Liabilities."

(5) Market risk management

(i) Foreign exchange risk

Receivables and payables denominated in foreign currencies arising from the Group's global business development are exposed to foreign exchange fluctuation risk. The Group enters into forward exchange contracts and other instruments to hedge foreign exchange fluctuation risk identified by currency for certain trade receivables and payables and borrowings denominated in foreign currencies.

Foreign exchange sensitivity analysis

For the financial instruments denominated in foreign currencies held by the Group at the end of each reporting period, the impact of a 1% appreciation of Japanese yen against US dollar, Euro and Chinese yuan as of the end of period on income before income taxes in the consolidated statements of income is as follows.

This analysis does not include the impact of translating financial instruments denominated in the functional currency and translating assets, liabilities, revenue and expenses of foreign operations into Japanese yen. The analysis is based on the assumption that all other variables (balance, interest rate, etc.) are constant.

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026
US dollar	¥(665)	¥(675)	\$(4,159)
Euro	(84)	(44)	(525)
Chinese yuan	(14)	(9)	(88)

(ii) Interest rate risk

Borrowings issued by the Group are mainly for the purpose of raising funds for capital investment. A portion of the Group's borrowings are floating-rate instruments and therefore exposed to interest rate fluctuation risk. The Group hedges the risk of interest rate hikes by using interest rate swap contracts to mitigate the interest rate fluctuation risk related to borrowings as needed.

Interest rate sensitivity analysis

For financial instruments held by the Group at the end of each reporting period, the impact of a 100-basis point increase in interest rates on income before income taxes in the consolidated statements of income is as follows.

This analysis is limited to financial instruments affected by interest rate fluctuations and is based on the assumption that all other variables (balance, exchange rate, etc.) are constant.

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026
Income before income taxes	¥(1,450)	¥(1,540)	\$(9,069)

(iii) Market price fluctuation risk

Marketable securities and investment securities held by the Group are primarily shares in companies with which the Group has business relationships and are exposed to market price fluctuation risk. With regard to marketable securities and investment securities, the Group regularly assesses fair value and financial conditions of issuers (business partners), and constantly reviews the holding of such securities other than held-to-maturity debt securities, taking market conditions into account and the Group's relationships with the business partners. The Company's consolidated subsidiaries also manage market price fluctuation risk in the same manner.

Notes to Consolidated Financial Statements

(6) Derivatives and hedge accounting

As of March 31, 2026, the periods when cash flows from hedging instruments are expected to occur and when they are expected to affect profit or loss are, at maximum of, 1 year from March 31, 2026 for foreign exchange risk.

The principal rates on forward exchange contracts are as follows:

	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Cash flow hedges			
Foreign currency risk			
Forward exchange contracts			
US dollar	¥155	¥150	\$1

Amounts of items designated as hedging instruments are as follows:

As of March 31, 2026

	Millions of yen			Items in the consolidated statements of financial position
	Carrying amount	Contract amount		
		Assets	Liabilities	
Cash flow hedges				
Foreign currency risk				
Foreign exchange derivatives	¥1,983	¥66	¥—	Other financial assets

	Thousands of U.S. dollars			Items in the consolidated statements of financial position
	Carrying amount	Contract amount		
		Assets	Liabilities	
Cash flow hedges				
Foreign currency risk				
Foreign exchange derivatives	\$12,403	\$413	\$—	Other financial assets

As of March 31, 2025

	Millions of yen			Items in the consolidated statements of financial position
	Contract amount	Carrying amount		
		Assets	Liabilities	
Cash flow hedges				
Foreign currency risk				
Foreign exchange derivatives	¥837	¥—	¥2	Other financial liabilities

Amounts of items designated as hedged items are as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
	Cash flow hedge reserve	Cash flow hedge reserve	Cash flow hedge reserve
Cash flow hedges			
Foreign currency risk			
Payables denominated in foreign currencies	¥52	¥8	\$325

The details of cash flow hedges are as follows:

Year ended March 31, 2026

	Millions of yen				
	Changes in fair value of hedging instruments recognized in other comprehensive income	Ineffective portion of hedges recognized in profit or loss	Items in the consolidated statements of income in which ineffective portion of hedges are included in profit or loss	Reclassification adjustments to profit or loss	Items in the consolidated statements of income including profit or loss from reclassification adjustments
Foreign currency risk					
Forward exchange contracts	¥67	¥—	¥—	¥—	¥—
Interest rate risk					
Interest rate swap contracts	—	—	—	—	—

	Thousands of U.S. dollars				
	Changes in fair value of hedging instruments recognized in other comprehensive income	Ineffective portion of hedges recognized in profit or loss	Items in the consolidated statements of income in which ineffective portion of hedges are included in profit or loss	Reclassification adjustments to profit or loss	Items in the consolidated statements of income including profit or loss from reclassification adjustments
Foreign currency risk					
Forward exchange contracts	\$419	\$—	\$—	\$—	\$—
Interest rate risk					
Interest rate swap contracts	—	—	—	—	—

Year ended March 31, 2025

	Millions of yen				
	Changes in fair value of hedging instruments recognized in other comprehensive income	Ineffective portion of hedges recognized in profit or loss	Items in the consolidated statements of income in which ineffective portion of hedges are included in profit or loss	Reclassification adjustments to profit or loss	Items in the consolidated statements of income including profit or loss from reclassification adjustments
Foreign currency risk					
Forward exchange contracts	¥(17)	¥—	¥—	¥—	¥—
Interest rate risk					
Interest rate swap contracts	16	—	—	—	—

(7) Fair value of financial instruments

The fair value hierarchy of financial instruments is categorized as follows, according to the external observability of the inputs used in the fair value measurement.

- Level 1: Fair value measured at the unadjusted quoted price in an active market for the same asset or liability.
- Level 2: Fair value calculated directly or indirectly using observable prices other than Level 1
- Level 3: Fair value calculated from valuation techniques, including inputs that are not based on significant observable market data.

Transfers among levels of financial instruments are recognized at the end of the reporting period in which the transfer occurs. There was no significant transfer among levels during the fiscal years ended March 31, 2025 and March 31, 2026.

The level in the fair value measurement hierarchy to measure the fair value of each financial instrument is based on the lowest level input that is significant to the entire fair value measurement.

The breakdowns of financial instruments measured at fair value are as follows:

Notes to Consolidated Financial Statements

(i) Financial instruments measured at fair value on a recurring basis

i) As of March 31, 2026

	Millions of yen			Total
	Level 1	Level 2	Level 3	
Financial assets:				
Financial assets measured at fair value through profit or loss				
Shares and investments	¥ —	¥502	¥ 3,969	¥ 4,471
Derivative assets	—	12	148	160
Financial assets measured at fair value through other comprehensive income				
Shares and investments	1,726	—	69,072	70,798
Derivative assets	—	65	—	65
Total	1,726	579	73,189	75,494
Financial liabilities:				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	—	502	—	502
Financial liabilities measured at fair value through other comprehensive income				
Derivative liabilities	—	—	—	—
Total	¥ —	¥502	¥ —	¥ 502

	Thousands of U.S. dollars			Total
	Level 1	Level 2	Level 3	
Financial assets:				
Financial assets measured at fair value through profit or loss				
Shares and investments	\$ —	\$3,140	\$ 24,825	\$ 27,965
Derivative assets	—	75	926	1,001
Financial assets measured at fair value through other comprehensive income				
Shares and investments	10,796	—	432,024	442,820
Derivative assets	—	406	—	406
Total	10,796	3,621	457,775	472,192
Financial liabilities:				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	—	3,140	—	3,140
Financial liabilities measured at fair value through other comprehensive income				
Derivative liabilities	—	—	—	—
Total	\$ —	\$3,140	\$ —	\$ 3,140

ii) As of March 31, 2025

	Millions of yen			Total
	Level 1	Level 2	Level 3	
Financial assets:				
Financial assets measured at fair value through profit or loss				
Shares and investments	¥ —	¥516	¥ 3,965	¥ 4,481
Derivative assets	—	22	192	214
Financial assets measured at fair value through other comprehensive income				
Shares and investments	2,612	—	62,927	65,539
Total	2,612	538	67,084	70,234
Financial liabilities:				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	—	307	—	307
Financial liabilities measured at fair value through other comprehensive income				
Derivative liabilities	—	2	—	2
Total	¥ —	¥309	¥ —	¥ 309

Shares and investments

The fair value of marketable shares classified as Level 1 is calculated based on unadjusted quoted prices in an active market for identical assets or liabilities.

The fair value of Level 2 marketable shares is calculated using the quoted prices for identical or similar assets or liabilities in markets not deemed active.

The fair value of Level 3 unlisted shares and investments for which quoted prices in an active market is unavailable is calculated by using discounted cash flow (DCF) method, comparable company analysis, or valuation techniques based on net asset value, and so on. In measuring such fair value, the Group uses unobservable inputs such as discount rates and valuation multiples and takes certain illiquidity discount into account as needed. The primary discount rate applied in discounting future cash flows under the DCF method for the fiscal year ended March 31, 2026, is approximately 12%. A lower (higher) value for the discount rate would lead to an increase (decrease) in fair value.

Derivative assets and derivative liabilities

The fair value of Level 2 derivative assets and liabilities is calculated based on such observable inputs as prices provided by counterparty financial institutions or exchange and interest rates.

The fair value of Level 3 financial instruments is calculated by valuation specialists determining valuation methods for each relevant financial instrument in accordance with valuation policies and procedures that include valuation methods for fair value measurement approved by appropriately authorized person. The results are reviewed and approved by suitably authorized personnel.

The breakdowns of changes in financial instruments measured at fair value on a recurring basis that are classified as Level 3 of the fair value measurement hierarchy for the fiscal years ended March 31, 2026 and March 31, 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026
Balance at beginning of period	¥67,084	¥46,914	\$419,590
Total gains or losses	7,403	(1,588)	46,303
Profit or loss	(20)	(190)	(125)
Other comprehensive income (Note 1)	7,423	(1,398)	46,428
Purchases	5,477	23,534	34,257
Sales	(6,585)	(1,538)	(41,187)
Transfer from Level 3 (Note 2)	(54)	—	(338)
Others	(136)	(238)	(850)
Balance at end of period	¥73,189	¥67,084	\$457,775

Notes:

- Gains and losses recognized in other comprehensive income are included in "Financial assets measured at fair value through other comprehensive income" in the consolidated statements of comprehensive income.
- The transfer from Level 3 is due to the listing of shares of investee companies.

Notes to Consolidated Financial Statements

(ii) Financial instruments measured at amortized cost

The carrying amounts and fair values of financial instruments measured at amortized cost are as follows:

i) As of March 31, 2026

	Millions of yen				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets:					
Other financial assets					
Public and corporate bonds, etc.	¥ 15,220	¥—	¥ —	¥14,490	¥ 14,490
Total	15,220	—	—	14,490	14,490
Financial liabilities:					
Bonds and borrowings					
Bonds payable	151,000	—	137,592	—	137,592
Long-term borrowings	348,191	—	328,317	—	328,317
Total	¥499,191	¥—	¥465,909	¥ —	¥465,909

	Thousands of U.S. dollars				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets:					
Other financial assets					
Public and corporate bonds, etc.	\$ 95,196	\$—	\$ —	\$90,630	\$ 90,630
Total	95,196	—	—	90,630	90,630
Financial liabilities:					
Bonds and borrowings					
Bonds payable	944,458	—	860,595	—	860,595
Long-term borrowings	2,177,827	—	2,053,521	—	2,053,521
Total	\$3,122,285	\$—	\$2,914,116	\$ —	\$2,914,116

ii) As of March 31, 2025

	Millions of yen				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets:					
Other financial assets					
Public and corporate bonds, etc.	¥ 15,220	¥—	¥ —	¥15,220	¥ 15,220
Total	15,220	—	—	15,220	15,220
Financial liabilities:					
Bonds and borrowings					
Bonds payable	191,000	—	180,983	—	180,983
Long-term borrowings	312,186	—	300,508	—	300,508
Total	¥503,186	¥—	¥481,491	¥ —	¥481,491

Public and corporate bonds, etc.

The fair value of Level 3 public and corporate bonds, etc. is calculated by discounting the future cash flows to their present value.

Bonds payable

The fair value of Level 2 bonds payable is calculated based on quoted prices when quoted prices are readily available, and the fair value of those without quoted prices is measured at the present value calculated by discounting the combined total of principal and interest at a rate taking the remaining period and credit risk of the bonds payable into account.

Long-term borrowings

The fair value of Level 2 long-term borrowings is calculated by discounting to the present value of the combined total of principal and interest at a rate assumed to be applied if the same borrowings were newly executed.

For other financial assets and liabilities other than above, relevant notes are omitted as they are mainly settled for a short period of time and the fair value approximates the carrying amount.

38. Major Subsidiaries

Major subsidiaries as of March 31, 2026 and 2025 are as follows:

(1) Consolidated subsidiaries with material non-controlling interests

The summarized financial information of consolidated subsidiaries that the Company recognizes their material non-controlling interests is as follows. The summarized financial information shows amounts before transactions within the Group are eliminated.

Prime Polymer Co., Ltd.

(i) Percentage of non-controlling interests and accumulated non-controlling interests

Name of Subsidiary	Percentage of non-controlling interests (%)	
	As of March 31, 2026	As of March 31, 2025
Prime Polymer Co., Ltd.	35%	35%

Name of Subsidiary	Accumulated non-controlling interests		Thousands of U.S. dollars
	Millions of yen As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Prime Polymer Co., Ltd.	¥40,921	¥40,248	\$255,948

(ii) Profit or loss attributed to non-controlling interests and dividends paid to non-controlling interests

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026
Profit or loss attributed to non-controlling interests	¥1,737	¥2,175	\$10,864
Comprehensive income allocated to non-controlling interests	1,736	2,031	10,858
Dividends paid to non-controlling interests	(1,063)	—	(6,649)

(iii) Summarized financial information

i) Summarized statements of financial position

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Current assets	¥139,434	¥152,367	\$ 872,117
Non-current assets	65,061	58,305	406,936
Total assets	204,495	210,672	1,279,053
Current liabilities	93,752	100,915	586,390
Non-current liabilities	25,307	22,035	158,287
Total liabilities	119,059	122,950	744,677
Total equity	85,436	87,722	534,376
Total liabilities and equity	¥204,495	¥210,672	\$1,279,053

Notes to Consolidated Financial Statements

ii) Summarized statements of income and comprehensive income Summarized statements of income

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026
Sales revenue	¥271,779	¥286,302	\$1,699,894
Net income	692	4,240	4,328

Summarized statements of comprehensive income

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026
Other comprehensive income	¥ 70	¥ (391)	\$ 438
Comprehensive income	762	3,849	4,766

iii) Summarized statements of cash flows

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026
Cash flows from operating activities	¥ 4,997	¥ 1,461	\$ 31,255
Cash flows from investing activities	(12,336)	(6,474)	(77,158)
Cash flows from financing activities	7,345	5,011	45,941
Net increase (decrease) in cash and cash equivalents	¥ 6	¥ (2)	\$ 38

(2) Changes in ownership interests in subsidiaries that do not result in loss of control

There are no material transactions to disclose for the fiscal years ended March 31, 2026 or March 31, 2025.

39. Related Parties

(1) Transactions with affiliates and joint ventures

For the year ended March 31, 2026

There are no material transactions to disclose.

For the year ended March 31, 2025

There are no material transactions to disclose.

(2) Remuneration for key management personnel

Remuneration for key management personnel of the Company is as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026
Remuneration and bonuses	¥514	¥536	\$3,215
Share-based payment	29	60	181
Total	¥543	¥596	\$3,396

40. Commitments

Commitments related to expenditures on and after the closing date are as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Purchase of property, plant and equipment and intangible assets	¥46,572	¥65,855	\$291,293

41. Contingent Liabilities

Debt guarantees

The Group has guaranteed and made guarantee commitments for companies outside the Group for loans from financial institutions and entities. In case of default by the entities for which the Company conducts debt guarantees, the Company will need to bear repayments that such entities have failed to make, as well as related losses.

The status of debt guarantees is as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
Nghi Son Refinery&Petrochemical LLC	¥11,355	¥14,766	\$71,022
Solar and wind power generation cooperative in Tahara (Note)	2,100	3,500	13,135
Other	44	78	275
Total	¥13,499	¥18,344	\$84,432

(i) As of March 31, 2026

Note: Of which, the amount of ¥1,155 million has been re-guaranteed by Mitsui & Co. Project Solutions, Ltd. and other parties.

(ii) As of March 31, 2025

Note: Of which, the amount of ¥1,925 million has been re-guaranteed by Mitsui & Co. Project Solutions, Ltd. and other parties.

42. Subsequent Events

(The Execution of Agreements to Acquire Ultradent Products, Inc.)

On June 12, 2026, the Company decided that Mitsui Chemicals America, Inc. (hereinafter "MCA"), a wholly owned subsidiary of the Company, will acquire the shares and business assets of Ultradent Products, Inc. (hereinafter "Ultradent"), which engages in the development, manufacturing, and sale of dental products such as teeth whitening and dental restorative materials, through a newly established wholly owned entity (hereinafter the "Holding Company"), and make Ultradent a wholly owned subsidiary of MCA (hereinafter the "Acquisition"), and that it entered into definitive agreements in connection with the Acquisition.

(1) Background and purpose of the acquisition

The group is undertaking a transformation into a highly profitable, high-growth global specialty business by proactively investing resources and global expansion across three specialty chemicals domains: "Life & Healthcare Solutions," "Mobility Solutions," and "ICT Solutions." As key priorities, we will place greater emphasis on resource investments in Life & Healthcare Solutions, which offers stable growth and ICT Solutions, which offers high growth potential and aim to achieve business growth that outpaces market growth through active utilization of M&A and partnerships.

In the Life & Healthcare Solutions domain, we will continue to drive further growth in our core businesses of vision care and agro-chemicals, while establishing the medical field—where high profitability and stable growth are anticipated—as a third pillar of earnings, thereby underpinning sustainable long-term growth of the domain as a whole.

We position the oral care business as the core of our medical field, and since acquiring Kulzer GmbH Group (hereinafter "Kulzer") from Heraeus Group in 2013, we have worked to deepen our understanding of the oral care business while improving profitability. In addition, to achieve further growth, we are strengthening our business in the Americas, the largest market in the healthcare business.

Ultradent has development and manufacturing bases in the United States and is a global leader in teeth whitening and dental restorative materials within dental material markets, with outstanding design, development, and manufacturing technologies. Meanwhile, the teeth whitening sector is expected to expand globally at a high growth rate, supported by rising awareness of oral health and aesthetics worldwide. In addition, Ultradent has established direct sales channels to dental clinics, and we believe that the acquisition will strengthen the group's business foundation in the United States for its oral care business.

In addition, Kulzer, which is at the center of the group's oral care business, is expanding globally with EMEA (Europe, the Middle East and Africa) as a key region, and its product portfolio is particularly strong in dental restorative materials. Kulzer and Ultradent are complementary not only in terms of their geographic footprint but also in terms of their product portfolios, and we determined that this aligns with our growth strategy for the oral care business, leading us to carry out the acquisition. Following the completion of the acquisition, we will strive to promptly achieve synergies by combining the technologies held by the Company, Kulzer, and Ultradent, and by expanding sales through cross-selling of products, thereby aiming to transform our group into a solutions provider in dental care.

(2) Method of the acquisition

In connection with the acquisition, MCA intends to establish the Holding Company, which will acquire the shares and business assets of Ultradent and hold, oversee and manage them. The president of MCA is a U.S.-based executive serving as Business Sector Vice President of Life & Healthcare Solutions Business Sector, and under this structure, decision making at the local level will be accelerated.

In addition, as part of post-merger integration (PMI) following the completion of the acquisition, we will seek to provide total solutions to dental professionals and patients by promoting complementary product lineups and new product development. This will be achieved by integrating our strengths in chemical technologies, Ultradent's extensive clinical expertise and innovation-driven corporate culture, and Kulzer's strengths in the prosthetic and restorative fields.

Furthermore, with a view to achieving these synergies at an early stage, the group will transfer the global headquarters function of the oral care business from Japan to the Holding Company, which will be located in the U.S. Through this initiative, we will optimize our business operating structure and aim to become a leading company in the oral care field.

(3) Overview of Ultradent

(i) Company Name	Ultradent Products, Inc.
(ii) Company Address	505 West Ultradent Drive, South Jordan, Utah 84095, U.S.A.
(iii) Description of Business	Development, manufacturing and selling of dental products including teeth whitening and dental restorative materials.

(4) Schedule

(i) Date of resolution at the meeting of Board of Directors (Note 1)	May 13, 2026
(ii) Date of decision of the Acquisition	June 12, 2026
(iii) Date of execution of the definitive agreement	June 12, 2026
(iv) Establishment of the Holding Company	September 2026 (scheduled)
(v) Date of completion of the Acquisition (Note 2)	September 2026 (scheduled)

Notes:

1. At the meeting of the Board of Directors, it was resolved to delegate to the management, the authority to make the final determination regarding the acquisition and the execution of related agreements, to the extent not inconsistent with the matters approved in such resolution.
2. Completion of the acquisition is expected to occur following the establishment of the Holding Company by MCA, the transfer of MCA's contractual position to the Holding Company, and the receipt of all necessary regulatory approvals and completion of required filings under applicable antitrust and foreign investment laws in each relevant jurisdiction.

(5) Future outlook

The impact of the acquisition on the Company's consolidated financial results is currently being reviewed. If any matters requiring disclosure arise, the Company will disclose them promptly.

Other Information

Half-year information for the fiscal year ended March 31, 2026

	Millions of yen	
	First Half	FY2025
Sales revenue	¥813,590	¥1,668,754
Income (loss) before income taxes	26,164	68,608
Net income (loss) attributable to owners of the parent	7,843	34,378
Basic earnings (loss) per share (Yen)	20.88	91.62

	Thousands of U.S. dollars	
	First Half	FY2025
Sales revenue	\$5,088,754	\$10,437,541
Income (loss) before income taxes	163,648	429,122
Net income (loss) attributable to owners of the parent	49,056	215,024
Basic earnings (loss) per share (Dollar)	0.131	0.573

Note: On January 1, 2026, the Company conducted a two-for-one stock split of its common shares.

Basic earnings per share has been calculated assuming that the stock split had been conducted at the beginning of FY2025.

Independent Auditor's Report

The Board of Directors
Mitsui Chemicals, Inc.

The Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Mitsui Chemicals, Inc. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at March 31, 2026, and the consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements.

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

Basis for Opinion

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

Key Audit Matters

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

Recoverability of deferred tax assets of Mitsui Chemicals, Inc.	
Description of Key Audit Matter	Auditor's Response
Mitsui Chemicals, Inc. (the "Company") recorded deferred tax assets of ¥5,382 million in the consolidated statement of financial position as of March 31, 2026 ("the current fiscal year"). As described in Note 35 "Income Taxes" in the Notes to the Consolidated Financial Statements, the total amount of deferred tax assets before offsetting against deferred tax liabilities was ¥56,850 million. The Company applies the Japanese Group Relief System and determines the recoverability of	The audit procedures we performed in considering the recoverability of the deferred tax assets of the Company included the following, among others: <ul style="list-style-type: none">• Scheduling of deductible temporary differences and taxable temporary differences We assessed whether deferred tax assets related to deductible temporary differences have been recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilized in accordance with IAS 12 Income Taxes.

deferred tax assets related to income taxes and local corporate taxes by treating the entire relief group as a single taxable entity. Deferred tax assets in the consolidated financial statements primarily compose of the relief group with the Company as the consolidated parent and are mostly recognized by the Company.

The recoverability of deferred tax assets is mainly dependent on management's estimates of future taxable income in the business plan, and these estimates are based on the budget for the following fiscal year approved by the board of directors.

Although the planned sales volumes in the budget for the following fiscal year are estimated based on the actual results for the current fiscal year and demand forecasts considering market trends, such estimates involve a high degree of uncertainty and require management's judgment since the Company operates in a wide variety of business areas that are affected by global economic trends. Given that the Company's deferred tax assets account for a large proportion of those recognized in the consolidated financial statements and that estimates of planned sales volumes, which are significant in the assessments of the recoverability of deferred tax assets, involve a high degree of uncertainty and require management's judgment, we have determined that the recoverability of the Company's deferred tax assets is significant for our audit of the consolidated financial statements for the current fiscal year and is thus a key audit matter.

• Estimate of future taxable income

We assessed whether the estimate of future taxable income of the Company and the relief group used in evaluating the recoverability of deferred tax assets is based on the budget for the following fiscal year approved by the board of directors by verifying the estimate with budget-related documents.

• Response to estimation uncertainty

We compared the corresponding budget for current fiscal year used in estimating taxable income in the prior fiscal year to the actual results for the current fiscal year and analyzed the factors contributing to differences between the budget and the actual results.

We made inquiries regarding the method of formulating the budget for the following fiscal year and the assumptions underlying the budget and discussed with management the method of taking into consideration uncertainty related to the likelihood of achieving the budget.

We assessed planned sales volumes, which are based on a demand forecast for the following fiscal year and onwards, by comparing to the actual results for the current fiscal year and to available external data such as market forecast reports issued by third-party organizations.

Impairment loss on non-current assets of Mitsui Chemicals Asahi Life Materials Co., Ltd.

Description of Key Audit Matter	Auditor's Response
<p>As described in Note 18 "Impairment of Non-Financial Assets" in the Notes to the Consolidated Financial Statements, Mitsui Chemicals Asahi Life Materials Co., Ltd. ("MAL"), which belongs to the Company's ICT Solutions segment, recognized an impairment loss of ¥1,406 million on non-current assets.</p> <p>For non-current assets, the Company assesses each asset or the cash-generating unit (CGU) to which an asset belongs at the end of each reporting period to determine whether there are any indicators of impairment. An asset or CGU is tested for impairment whenever there is an indication of impairment. If the recoverable amount is less than the carrying amount as a result of the impairment test, the carrying amount is reduced to the recoverable amount, and the resulting decrease in the carrying amount is recognized as an impairment loss.</p> <p>MAL constitutes an individual CGU. However, the Company determined that there were indicators of impairment in the current fiscal year resulting from a decline in MAL's profitability associated with decreased sales volumes and yen depreciation. In performing the impairment test, the Company measures the recoverable amount of the CGU above at value in use based on MAL's business plans, and recognized an impairment loss because the recoverable amount determined by discounting future cash flows fell below the carrying amount.</p> <p>The undiscounted future cash flows used in the impairment test are estimated based on the business plans of MAL prepared by management, in which the key assumptions used are sales volumes and cost reduction plans. Sales volumes are determined based on sales plans, including the expansion of high value-added products, while cost reduction plans are formulated based on initiatives such as changes in production methods. Undiscounted future cash flows involve estimation uncertainty, as they are affected by the extent to which targets specified in each plan are achieved and reflect management's subjective judgment.</p> <p>Based on the above, we have determined that the measurement of the impairment loss on non-current assets of MAL is a key audit matter.</p>	<p>The audit procedures we performed to evaluate the adequacy of the estimation of value in use used in measuring the impairment loss on non-current assets of MAL included the following, among others: This includes audit procedures performed under the direction of MAL's auditors.</p> <ul style="list-style-type: none"> • Valuation method <p>We considered whether future cash flows used in the impairment testing are based on future business plans approved by management.</p> <p>We assessed the valuation method used in calculating value in use by involving valuation specialists from our network firm.</p> <ul style="list-style-type: none"> • Response to estimation uncertainty <p>We compared prior-year sales plans with actual results to evaluate the effectiveness of the estimation process used by MAL's management.</p> <p>Regarding sales volumes, a key assumption in future business plans, we inquired of management and inspected records of negotiations with customers where expansion is anticipated to assess consistency with management's assumptions.</p> <p>For the cost reduction plans, we inquired of management regarding their scope and coverage, inspected minutes of meetings to confirm the status of verification by major customers, and assessed management's assumptions in light of the business environment.</p> <p>We compared core product forecasts to available external data, including reports published by market research companies.</p> <ul style="list-style-type: none"> • Discount rate <p>We involved valuation specialists from our network firm and compared the calculation elements used in estimating the discount rate with available data published by external organizations.</p>

Other Information

The other information comprises the information included in the Annual Report that contains audited consolidated financial statements but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. The Corporate Auditor and the board of Corporate Auditors are responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, The Corporate Auditor and the board of Corporate Auditors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by IFRS Accounting Standards, matters related to going concern.

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing 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. 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, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not 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 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 in accordance with IFRS Accounting Standards.
- 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 consolidated financial statements. We are responsible for the direction, supervision and review of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Corporate Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to 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 to reduce threats to an acceptable level.

From the matters communicated with the Corporate Auditor and the Board of Corporate Auditors, 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.

Convenience Translation

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

Fee-related Information

The fees for the audits of the financial statements of Mitsui Chemicals, Inc. and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2026 are 487 million yen and 123 million yen, 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.

Ernst & Young ShinNihon LLC
Tokyo, Japan

June 22, 2026

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