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NIHON KOHDEN

May 14, 2026

Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (Japan GAAP)

NIHON KOHDEN CORPORATION (6849)

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(Amounts are rounded down to the nearest million yen)

1. Consolidated Financial Highlights for FY2025 (From April 1, 2025 to March 31, 2026)

(1) Consolidated Operating Results

Note: Percentages indicate increase/decrease over the corresponding period in the previous fiscal year.

	Net sales		Operating income		Ordinary income		Income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2025	**235,099**	**4.3**	**18,745**	**-9.5**	**22,544**	**10.7**	**14,513**	**2.9**
FY2024	225,424	1.5	20,713	5.7	20,373	-20.4	14,098	-17.2

Note: Comprehensive income: FY2025: 16,016 million yen (18.6%) FY2024: 13,503 million yen (-34.1%)

	Net income per share - Basic	Net income per share - Diluted	Return on equity	Ordinary income to total assets	Operating income margin
	yen	yen	%	%	%
FY2025	**89.25**	—	**8.1**	**8.8**	**8.0**
FY2024	84.88	—	7.8	8.3	9.2

Note: Effective July 1, 2024, each share of common stock was split into two shares. Net income per share is calculated on the assumption that the stock split was implemented at the beginning of the fiscal year ended March 31, 2025.

(2) Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2025	**256,538**	**179,824**	**70.1**	**1,123.47**
FY2024	258,276	181,294	69.5	1,101.11

Reference: Equity capital: FY2025: 179,724 million yen FY2024: 179,552 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents, end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2025	**21,055**	**-8,285**	**-11,599**	**45,637**
FY2024	15,286	-25,138	2,550	43,061

2. Dividends

	Dividends per share					Total dividends (Annual)	Dividend payout ratio (Consolidated)	Dividend on equity ratio (Consolidated)
	First quarter	Interim (Second quarter)	Third quarter	Year-end	Full-year			
FY2024	—	15.00	—	16.00	31.00	5,108	36.2	2.8
FY2025	—	16.00	—	16.00	32.00	5,199	35.9	2.9
FY2026 (Forecast)	—	16.00	—	17.00	33.00		35.4	

Note: The total amount of dividends for FY2025 includes dividends of 29 million yen on the Company's shares held by the trust.

3. Consolidated Forecast for FY2026 (From April 1, 2026 to March 31, 2027)

Note: Percentages indicate increase/decrease over the corresponding period in the previous fiscal year.

	Net sales		Operating income		Ordinary income		Income attributable to owners of parent		Net income per share - Basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	232,500	-1.1	23,500	25.4	23,500	4.2	15,000	3.4	93.77

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Newly included: 3 companies (Nihon Kohden Advanced Technology Center, India) (DOWELL Co., Ltd.)
(Nihon Kohden Arabia RHQ LLC)

Excluded: 2 companies (E-Staff Insurance Services Co., Ltd.)
(Advanced Medical Predictive Devices, Diagnostics and Displays, LLC)

Note: For details, please refer to "4. Consolicated Financial Statements and Primary Notes (5) Notes to Consolidated Financial Statements (Basic of Presentation of the Consolidated Financial Statements)" on page 19 of the attachment.

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

FY2025	170,961,960	shares
FY2024	170,961,960	shares

(ii) Number of treasury shares at the end of the period

FY2025	10,989,474	shares
FY2024	7,897,392	shares

(iii) Average number of shares outstanding during the period

FY2025	162,607,042	shares
FY2024	166,108,746	shares

Notes:

1. Effective July 1, 2024, each share of common stock was split into two shares. "Average number of shares outstanding during the period" is calculated on the assumption that the stock split was implemented at the beginning of the fiscal year ended March 31, 2025.
2. Number of treasury shares, which are deducted from "Number of treasury shares at the end of the period" and "Average number of shares outstanding during the period," includes the Company's stock held by the trust of Employee Stock Ownership Plan.

(Reference) Non-Consolidated Financial Highlights

1. Non-Consolidated Financial Highlights for FY2025 (From April 1, 2025 to March 31, 2026)

(1) Non-Consolidated Operating Results

Note: Percentages indicate increase/decrease over the corresponding period in the previous fiscal year.

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2025	**166,324**	**-3.3**	**13,890**	**-35.5**	**20,481**	**-18.4**	**9,813**	**-41.5**
FY2024	171,999	3.0	21,538	-0.4	25,103	-17.6	16,761	-10.8

	Net income per share - Basic	Net income per share - Diluted
	Yen	Yen
FY2025	**60.35**	—
FY2024	100.91	—

Note: Effective July 1, 2024, each share of common stock was split into two shares. Net income per share is calculated on the assumption that the stock split was implemented at the beginning of the fiscal year ended March 31, 2025.

(2) Non-Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2025	**224,910**	**165,018**	**73.4**	**1,031.55**
FY2024	230,493	164,856	71.5	1,010.99

Reference: Equity capital: FY2025: 165,018 million yen FY2024: 164,856 million yen

* This summary of financial result is not subject to audit procedures.
* In domestic sales of the Nihon Kohden group, sales to public medical institutions (which include national hospitals, national universities, public agencies, and municipal hospitals) account for a relatively high percentage of total sales. Therefore, the bulk of orders tend to be concentrated in September and March due to these hospitals' budget executions. In particular, sales and income are highly concentrated in the fourth quarter of the fiscal year.
* Earnings forecasts and other forward-looking statements in this release are based on information currently available and certain assumptions that the Company believes are reasonable. Therefore, they do not constitute a guarantee that they will be realized. Actual results may differ from such estimates due to unforeseen circumstances.

Content of Supplementary Materials

1. Overview of Financial Results

(1) Review of Operations

During the term under review (April 1, 2025 to March 31, 2026), the global economic outlook remained uncertain due to escalating protectionism and fragmentation as well as prolonged uncertainty caused by geopolitical risks and policy trends in each country. In Japan, business sentiment in medical institutions declined and the proportion of operating deficits increased due to price and wage inflation, while each medical institution strove to implement task shifting and improve its operational efficiency. Internationally, overall demand for medical equipment remained steady, while there was uncertainty regarding proposed budget cuts to public health insurance in the U.S. and the effects of the economic slowdown in China. Medical institutions both in Japan and internationally have been promoting medical digital transformation, which includes data health, telemedicine, and utilization of AI and ICT, because they need to urgently improve the quality and efficiency of their medical care.

Under these circumstances, Nihon Kohden implemented its Three-year Business Plan, BEACON 2030 Phase II, which started from FY2024. The Company aims to achieve targets for three indicators: growth, profitability, and capital efficiency, by implementing six key measures including “Enhance product competitiveness”, “Focus on growth of North America Business”, and “Implement the reform of the profit structure”. In Japan, the Company launched an affordable model of fully automatic AEDs, a mid-range ventilator, and transmitters, as well as SEEG electrodes*1 developed by Ad-Tech. The Company also introduced on-site alarm analytics software, and admission and discharge management software as part of its line-up of DHS (digital health solution) products that utilize data obtained from medical devices in Japan. In addition, the Company started to provide a locally developed alarm solution in the U.S. After reviewing its business portfolio, the Company decided to discontinue providing Abbott products by December 31, 2026. To strengthen its business structure, the Company established Nihon Kohden Advanced Technology Center, India as one of its R&D subsidiaries in September 2025 and Nihon Kohden Arabia RHQ LLC, one of its sales subsidiaries, started operations in Saudi Arabia in January 2026. In Japan, the Company started operation of the PLM system*2 in September 2025 and the MES system in November 2025, and the Tsurugashima Production Center also started operations in March 2026. In addition, the Company consolidated DOWELL Co., Ltd as one of its subsidiaries in February 2026.

As a result, overall sales during the term under review increased 4.3% over FY2024 to ¥235,099 million. Operating income decreased 9.5% to ¥18,745 million, as domestic sales decreased and SG&A expenses increased due to wage increases and R&D investments as well as higher depreciation caused by M&A and capital investments. On the other hand, ordinary income increased 10.7% to ¥22,544 million, reflecting foreign exchange gains compared to losses in FY2024. Income attributable to owners of parent increased 2.9% to ¥14,513 million, as extra payments for early retirements were recorded as extraordinary losses.

*1 SEEG (stereo-electroencephalography) records and analyzes electroencephalograms three-dimensionally by inserting multiple thin electrodes into the deep brain to localize the focus of epilepsy.

*2 PLM: Product Life-cycle Management, MES: Manufacturing Execution System.

[Sales by region]

Japan: Nihon Kohden concentrated on enhancing sales activities which match each market; the acute care hospital market, the small and mid-sized hospital market, and the clinic market. The Company also focused on its consumables and services business as well as strengthening its marketing and service capabilities, creating customer value which contributed to improving medical safety, patient outcomes, and operating efficiency. Domestic sales decreased due to restraining sales of locally purchased products and lower sales of Abbott products. Sales of AEDs decreased in the PAD (public access defibrillation) market mainly due to inventory adjustment at distributors. Sales in the public hospital market also decreased, while sales in the university, private hospital, and clinic markets increased. Sales of Treatment Equipment and Patient Monitors decreased, while sales of Physiological Measuring Equipment and Other Medical Equipment increased. As a result, domestic sales decreased 0.6% over FY2024 to ¥144,406 million.

International: Overseas sales achieved double-digit growth, because sales in all regions increased favorably. Overseas sales also increased favorably on a comparable basis excluding the currency effect and the impact of the consolidation of Ad-Tech. Sales in North America showed double-digit growth, posting a significant increase in sales of neurology products including Ad-Tech as well as favorable sales of ventilators and AEDs. Sales of Patient Monitors decreased compared to the strong growth in FY2024, while sales in the fourth quarter achieved double-digit growth. Sales in Latin America increased both on a yen basis and on a comparable basis, as sales in the fourth quarter achieved double-digit growth. Sales increased mainly in Paraguay and Peru. Sales in Europe increased favorably, especially in Turkey, the U.K., and Italy. Sales in Asia & Other increased favorably, especially in Southeast Asia, India, and the Middle East & Africa. Sales of Physiological Measuring Equipment and Treatment Equipment increased significantly. Sales of Patient Monitors and Other Medical Equipment decreased. As a result, international sales increased 13.1% over FY2024 to ¥90,693 million.

[Sales by product category]

Physiological Measuring Equipment: In Japan, sales of diagnostic information systems achieved double-digit growth and sales of neurology products increased favorably. Sales of ECGs and polygraphs for cath lab decreased. Internationally, sales of neurology products including Ad-Tech increased significantly. Sales of ECGs also increased. Overall, sales increased 14.4% over the previous fiscal year to ¥53,636 million.

Patient Monitors: In Japan, sales of telemetry systems and transmitters decreased. Sales of clinical information systems achieved double-digit growth and sales of bedside monitors also increased. Internationally, sales in North America and Europe decreased compared to the strong growth in FY2024, while sales in Asia & Other achieved double-digit growth. Overall, sales decreased 0.8% over the previous fiscal year to ¥84,258 million.

Treatment Equipment: In Japan, sales of Abbott’s ablation catheters decreased. Sales of AEDs and defibrillators also decreased. Sales of ventilators increased favorably. Internationally, sales of ventilators increased significantly in North America, Europe, and Latin America, in addition to favorable sales in Asia & Other. Sales of defibrillators achieved double-digit growth and sales of AEDs also increased favorably. Overall, sales increased 5.8% over the previous fiscal year to ¥56,286 million.

Other Medical Equipment: In Japan, sales of installation and maintenance services for medical devices increased favorably and sales of hematology instruments and reagents also increased. Sales of locally purchased products decreased. Internationally, sales of hematology instruments and reagents decreased mainly in Europe and Asia & Other. Overall, sales increased 1.3% over the previous fiscal year to ¥40,918 million.

(Consolidated Sales Results by Product Category)

(Millions of yen)

	FY2025 Amount	FY2025 Growth rate (%)
Physiological Measuring Equipment	53,636	+14.4
Patient Monitors	84,258	-0.8
Treatment Equipment	56,286	+5.8
Other Medical Equipment	40,918	+1.3
Total	235,099	+4.3
Products	115,996	+2.4
Consumables and Services	119,103	+6.2
(Reference) Sales by Region		
Domestic Sales	144,406	-0.6
Overseas Sales	90,693	+13.1
North America	49,808	+18.9
Latin America	5,613	+4.2
Europe	13,649	+8.7
Asia & Other	21,621	+6.3

(Operating Results by Reporting Segments)

Japan: Sales decreased 0.9% to ¥145,141 million and segment income decreased 35.7% to ¥14,094 million in FY2025.

North America: Sales increased 19.4% to ¥53,623 million and segment income was ¥2,858 million in FY2025 (Segment loss of ¥941 million in FY2024).

Rest of World: Sales increased 6.9% to ¥36,334 million and segment income increased 20.4% to ¥2,250 million in FY2025.

Segment Income: Total segment income excluding the unrealized gains on inventories and amortization of goodwill and intangible assets decreased 16.0% to ¥19,204 million in FY2025.

* The amounts are aggregated by region, based on the location of the Company or its consolidated subsidiaries.

(2) Financial Position

Total assets at the end of the current fiscal year decreased by ¥1,737 million compared to the end of the previous fiscal year to ¥256,538 million.

Current assets decreased by ¥5,276 million to ¥177,808 million compared with the end of the previous fiscal year. This was mainly due to a decrease in securities, notes receivable and accounts receivable.

Fixed assets increased by ¥3,538 million to ¥78,730 million compared with the end of the previous fiscal year. This was mainly due to an increase in buildings and structures as the Tsurugashima Production Center started operations.

Total liabilities at the end of the current fiscal year decreased by ¥266 million compared to the end of the previous fiscal year to ¥76,714 million. This was mainly due to a decrease in accrued income taxes and a decrease in short-term borrowings and an increase in long-term borrowings resulting from the refinancing of borrowings.

Total net assets at the end of the current fiscal year decreased by ¥1,470 million compared to the end of the previous fiscal year to ¥179,824 million. This was due to decreases in capital surplus and non-controlling interests resulting from the additional acquisition of shares of NeuroAdvanced Corp., as well as the acquisition of own shares.

As a result, net assets per share increased by ¥22.36 to ¥1,123.47 and the equity ratio increased by 0.6 percentage points from 69.5% at the end of the previous fiscal year to 70.1%.

(3) Cash Flows

Amounts (Millions of yen)

Classification	FY2024	FY2025
Cash and cash equivalents at beginning of period	49,877	43,061
Cash flows from operating activities	15,286	21,055
Cash flows from investing activities	-25,138	-8,285
Cash flows from financing activities	2,550	-11,599
Effect of exchange rate change on cash and cash equivalents	485	1,405
Net increase (decrease) in cash and cash equivalents	-6,816	2,576
Cash and cash equivalents at end of period	43,061	45,637

Cash and cash equivalents (hereinafter referred to as "funds") on a consolidated basis at the end of the current consolidated fiscal year increased by ¥2,576 million to ¥45,637 million compared with the end of the previous fiscal year.

The status of each cash flow and their factors in the current consolidated fiscal year are as follows.

(Cash Flows from Operating Activities)

Funds obtained as a result of operating activities increased by ¥5,768 million year-on-year to ¥21,055 million. This is mainly due to income before income taxes of ¥19,932 million, depreciation and amortization of ¥4,757 million, a decrease in notes and accounts receivables of ¥3,368 million, and income taxes paid of ¥7,643 million.

(Cash Flows from Investing Activities)

Funds used in investing activities decreased by ¥16,853 million year-on-year to ¥8,285 million. This is mainly due to the purchase of property, plant and equipment of ¥5,727 million, the purchase of intangible assets of ¥2,131 million, and the purchase of shares of subsidiaries resulting in a change in the scope of consolidation of ¥540 million yen.

(Cash Flows from Financing Activities)

Funds used as a result of financing activities amounted to ¥11,599 million (obtain of ¥2,550 million in the previous fiscal year). This is mainly due to a decrease in short-term loans resulting from the refinancing of borrowings of ¥25,991 million, as well as proceeds from long-term borrowings of ¥25,500 million, purchase of treasury shares of ¥6,616 million, and cash dividends paid of ¥5,233 million.

(Reference) Trends in Cash Flow-Related Indices

	FY2021	FY2022	FY2023	FY2024	FY2025
Equity ratio (%)	74.4	77.3	77.6	69.5	70.1
Market cap-based equity ratio (%)	118.5	139.4	144.0	126.5	90.7
Interest-bearing debt to cash flow ratio (%)	1.4	-17.6	4.2	170.6	119.7
Interest coverage ratio (x)	12,712.9	-1,089.0	773.6	166.8	80.6

Equity ratio: Total net assets / Total assets
Market cap-based equity ratio: Total market capitalization / Total assets
Interest-bearing debt to cash flow ratio: Interest-bearing debt / Cash flow
Interest coverage ratio: Cash flow / Total interest payments
*All of the above is calculated on a consolidated basis.
*Market capitalization is based on the total number of shares outstanding excluding treasury shares.
*The cash flow above is the cash flow from operating activities as stated in the consolidated statements of cash flows.
*The interest-bearing debt includes all liabilities posted in the consolidated balance sheets on which the company pays interest.

(4) Basic Policy on Distribution of Profits and Dividends

Nihon Kohden recognizes that returning profits to shareholders is one of management's most important tasks. The basic policy on distribution of profits and dividends is to make investments for future business expansion and enhance shareholder returns as well as securing a sound financial foundation. The priority for distribution of profits is i) investment necessary for future business expansion used in R&D investments, capital investments, M&A or alliances, and development of human resources, and ii) shareholder returns. In terms of shareholder returns, the Company will increase dividends in a stable manner in line with growth in business performance. Share buybacks are conducted in a flexible manner, taking into account comprehensively the Company's future business deployment, investment plans, retained earnings, and stock price level. The indicator and target for shareholder returns is a consolidated total return ratio of 35% or more.

The Company decided to pay the year-end dividend of 16 yen per share. As a result, the full-year dividend for FY2025 will increase by 1 yen to 32 yen per share, including the interim dividend of 16 yen per share. The Company also acquired ¥4,999 million of own shares in FY2025, pursuant to the Board of Directors' resolution of December 3, 2025. The consolidated total return ratio will be 70% in FY2025.

In consideration of business performance, the full-year dividend for FY2026 will increase by 1 yen to 33 yen per share, which consists of interim dividend of 16 yen and year-end dividend of 17 yen.

In addition, as described in the press release regarding the cancellation of treasury shares announced today, the Company will cancel 3 million shares of its treasury shares on June 18, 2026.

(5) Consolidated Forecast for FY2026

Under prolonged uncertainty caused by geopolitical risks and policy trends in the U.S., the global economic outlook is expected to be uncertain, as there are concerns about higher oil prices and difficulties in procuring parts and components caused by conflicts in the Middle East.

In Japan, the Japanese Government has implemented support for medical institutions through supplementary budgets and revision of medical treatment fees, because business sentiment in medical institutions has declined due to price and wage inflation. Each prefecture will also develop a regional vision for the healthcare system in 2040. Internationally, demand for medical equipment will remain steady, mainly in North America, Latin America, and India. In Southeast Asia, there are concerns about reductions in government budgets due to higher oil prices and procurement difficulties caused by conflicts in the Middle East. There are also expected to be further moves towards protectionism and tightening of regulatory requirements for medical devices in emerging countries. Medical equipment companies are expected to face a severe business environment because they are required to react to such changes in the market environment promptly and flexibly and to meet the needs of medical institutions for solutions which contribute to improving the quality and efficiency of medical care.

Under these circumstances, Nihon Kohden will continue to implement its Three-year Business Plan, BEACON 2030 Phase II, the final year of which is FY2026. The Company aims to achieve targets for three indicators: growth, profitability, and capital efficiency, by implementing six key measures including "Enhance product competitiveness", "Focus on growth of North America Business", and "Implement the reform of the profit structure".

In Japan, sales are expected to record a high-single-digit decline, as the Company decided to discontinue providing Abbott products by December 31, 2026. Nihon Kohden will concentrate on enhancing sales activities which match each market; the acute care hospital market, the small and mid-sized hospital market, and the clinic market. The Company will also focus on its consumables and services business as well as strengthening its marketing and service capabilities, creating customer value propositions that contribute to improving medical safety, patient outcomes, and operating efficiency. On a comparable basis excluding the impact of the discontinuation of Abbott products and the consolidation of DOWELL Co., Ltd, domestic sales are expected to record high-single-digit growth. The Company aims for stable growth in its domestic business by focusing on selling in-house products, consumables, and services as well as continuing its pricing policies such as raising selling prices.

Internationally, sales are expected to record high-single-digit growth both on a yen basis and on a comparable basis. In North America, sales of Patient Monitors are expected to recover through enhancing the Company's proposals by adding digital health solutions. The Company will also focus on expanding sales of ventilators, for which new contracts with major IDNs/GPOs are increasing, as well as neurology products, which are expected to benefit from synergy effects with Ad-Tech. In the Rest of World, demand for medical equipment will remain steady in Latin America and India. In India, the Company aims for sales growth by starting its local production of medical devices for the Indian market in FY2026, as there are moves to prefer domestically produced products. On the other hand, in the Middle East and Southeast Asia, there are concerns about the impact of conflicts in the Middle East.

Gross profit margin is expected to improve as the Company will discontinue providing Abbott products and focus on selling in-house products. SG&A expenses are expected to increase due to wage increases and higher depreciation related to investments in internal IT systems. The Company will focus on improving productivity through the reform of the profit structure of the entire Group.

Nihon Kohden will undertake capital investments such as expanding production equipment at the Tsurugashima Production Center, which started operations in March 2026. To further the implementation of corporate DX, the Company will add functions to PLM/MES*1 systems, which started operations in FY2025, as well as introducing new CRM*2 systems in Japan.

*1 PLM: Product Life-cycle Management, MES: Manufacturing Execution System.

*2 CRM: Customer Relationship Management including the function of SFA (Sales Force Automation).

The Company forecasts its overall sales, operating income, ordinary income, and income attributable to owners of parent for FY2026 to be ¥232,500 million, ¥23,500 million, ¥23,500 million, and ¥15,000 million, respectively. The Company's forecast for FY2026 is based on an exchange rate of 150 yen to the U.S. dollar and 175 yen to the euro.

The earnings forecasts described above include the impact of conflicts in the Middle East based on the information available to the Company at this moment. If geopolitical risks and higher oil prices last longer or escalate faster than expected, delays in or suspension of manufacturing are anticipated due to the difficulty in procuring parts and components as well as restrictions on sales and service activities. The Company will immediately announce forecast revisions if necessary.

(Consolidated Forecast for FY2026 by Product Category)

(Millions of yen)

	FY2026 (Forecast)	
	Amount	Growth rate (%)
Physiological Measuring Equipment	41,200	-23.2
Patient Monitors	92,300	+9.5
Treatment Equipment	54,900	-2.5
Other Medical Equipment	44,100	+7.8
Total	232,500	-1.1
Products	126,500	+9.1
Consumables and Services	106,000	-11.0
(Reference) Sales by Region		
Domestic Sales	133,500	-7.6
Overseas Sales	99,000	+9.2
North America	56,300	+13.0
Latin America	6,200	+10.4
Europe	13,800	+1.1
Asia & Other	22,700	+5.0

* Sales of Abbott products which will be discontinued in Japan are included in Physiological Measuring Equipment and Treatment Equipment. On a comparable basis excluding the impact of Abbott products, sales of Physiological Measuring Equipment and Treatment Equipment are expected to record high-single-digit growth and double-digit growth, respectively.

2. Management Policy

(1) Basic Policies for Corporate Management

Nihon Kohden's Management Philosophy as a medical electronics manufacturer is that we contribute to the world by fighting disease and improving health with advanced technology, and create a fulfilling life for our employees. To realize its Management Philosophy, the Company aims at achieving sustained growth and establishing reliance as a company that is highly evaluated by the customers, shareholders, clients, and society in all aspects including products, service, technology, financial strength, and the quality of its employees. In order to realize this basic policy and increase corporate value over the mid-to long-term, the Company recognizes that enhancing corporate governance, by establishing a management structure aimed at improving the soundness, transparency, and efficiency of management, is an important management issue. In FY2025, independent outside directors constitute a majority of the Board of Directors. The Company has adopted a Company with Audit & Supervisory Committee structure for strengthening supervisory functions, improving management transparency and soundness, and speeding up decision-making. At the same time, the Company has established a Nomination & Remuneration Committee, which is composed of three independent outside directors and the committee chair is also an independent outside director.

(2) Target Management Indices

Nihon Kohden aims to increase ROE to enhance corporate and shareholder value. The Company sets its target consolidated ROE at 12%, which exceeds its cost of capital, in its Three-year Business Plan, BEACON 2030 Phase II. The Company currently estimates that its cost of capital is around 8%, which is reviewed every year.

In order to achieve the target, the Company will focus on improving its profitability by implementing its Three-year Business Plan. The Company will also improve working capital by introducing Nihon Kohden's own ROIC formula and reducing the cash conversion cycle through measures such as reduction of inventories and faster debt collection, as well as establishing investment decision criteria and enhancing shareholder return.

In FY2025, the cash conversion cycle was 215 days compared to the target of 190 days, as inventories temporarily increased in preparation for the start of operations of PLM/MES systems and the Tsurugashima Production Center. In FY2026, the Company needs to secure inventories of parts and components to continue the supply of in-house products and consumables, due to shortages of memory components, higher oil prices, and difficulties in procuring parts and components caused by conflicts in the Middle East. The Company will aim to achieve a cash conversion cycle of 195 days by strengthening inventory control and accelerating receivables collection. Inventory control will be enhanced through improved demand forecast accuracy, enabling a better balance between supply and demand.

To increase corporate value through investment in future business expansion, the Company has adopted Net Present Value (NPV) and Internal Rate of Return (IRR) as investment decision criteria and started evaluating new investment projects in FY2022. In Phase II, the Company sets its target IRR at 12%, which exceeds its cost of capital. The Board of Directors verifies the progress and effectiveness of investment projects beyond a certain amount every year.

(3) Challenges to be addressed and Mid-to Long-term Management Strategy

In 2020, Nihon Kohden set out its Long-term Vision, BEACON 2030, for the next ten years to 2030. The Company aims to create a better future for people and healthcare by solving global medical issues. The Company has also set three transformations to be achieved: Transforming into a global company creating high added value, Creating a solution business providing superior customer value, and Establishing a global organization founded on Operational Excellence.

<Three-year Business Plan, BEACON 2030 Phase II, covering FY2024 to FY2026>

Faced with a rapidly changing global situation and a difficult business environment, in BEACON 2030 Phase II, Nihon Kohden implements the reform of the profit structure, makes investments in growth areas, and establishes collaborations between new business models and existing businesses, based on the results and issues of the previous Three-year Business Plan.

1. Three Indicators and Six Key Measures

Nihon Kohden will strengthen its growth, profitability, and capital efficiency, as well as the practice of Sustainability Management.

[Growth] Sales CAGR of 5% (FY2023-FY2026)

Enhance product competitiveness, Focus on growth of North America Business

[Profitability] Operating income margin of 15% (FY2026)

Implement the reform of the profit structure of the entire Group, Advance global supply chain management

[Capital efficiency] ROE of 12% (FY2026)

Introduce Nihon Kohden's own ROIC formula, Reduce cash conversion cycle

(1) [Growth] Enhance product competitiveness

Nihon Kohden will focus on strengthening its core Patient Monitoring Business and expanding Treatment Equipment Business including ventilators which are expected to grow rapidly as well as Consumables and Services Business and Solution Business including digital health solutions.

The Company will establish a common design platform and multi-plant design, refine cybersecurity measures, and strengthen QA/RA structures. The Company will also shorten the development time for new products by promoting R&D process reforms in addition to the introduction of PLM/MES systems.

* QA: Quality Assurance, RA: Regulatory Affairs, PLM: Product Life-cycle Management, MES: Manufacturing Execution System.

(2) [Growth] Focus on growth of North America Business

Nihon Kohden will focus on the market strategy in three regions: Japan, North America, Rest of World. In North America, which is expected to high growth, the Company aims to expand its market share and improve its profitability by prioritizing allocation of resources.

[Japan] Strengthen customer base and achieve sustainable growth by enhancing customer value proposition

[North America] Strengthen ties with the major IDN/GPO & DoD/VA and improve brand awareness and profitability

[Rest of World] Comply with laws and regulations related to medical equipment and strengthen local R&D, production, sales, and service capabilities

* IDN: Integrated Delivery Network, GPO: Group Purchase Organization, DoD: Department of Defense, VA: Veterans Affairs.

(3) [Profitability] Implement the reform of the profit structure of the entire Group

Implement several measures to improve product mix, productivity, and supply chains

(4) [Profitability] Advance global supply chain management

Enhance PSI (Production, Sales, Inventory) Management, Strengthen global QMS (Quality Management System), Promote multi-plant production

(5) [Capital Efficiency] Introduce Nihon Koden's own ROIC formula

Improve operating margins, Strengthen monitoring of return on investment

(6) [Capital Efficiency] Reduce Cash Conversion Cycle

Strengthen procurement and production management capabilities mainly at the newly established Production Operations, Collect debt faster

2. Sustainability Management

To promote its practice of Sustainability Management, Nihon Kohden partially reviewed its material issues and KPIs, which were set out in the Phase I. The Company will work on solving medical, environmental, and social issues. Based on its Core Values, Nihon Kohden will disseminate the BEACON personnel system introduced in the Phase I and strengthen its operation. The Company will also work on work style reforms and improve personnel productivity. In addition to promoting Diversity and Inclusion, the Company will foster a corporate culture of pride in contributing to healthcare by enhancing career support such as the development of global/DX human resources. To further strengthen its Group governance, Nihon Kohden will ensure the diversity of the Board of Directors and speed up decision-making by introducing a CxO framework. With the aim of encouraging the sharing of value with shareholders, the Company will also review the remuneration structure for directors.

3. Target for FY2026 ending March 2027 (consolidated)

¥100 million	Target for FY2026
Sales	2,560
Domestic Sales	1,570
Overseas Sales	990
Operating Income	385
Operating Income Margin	15%
Income attributable to owners of parent	250
ROIC	12%
ROE	12%

<The progress of BEACON 2030 Phase II>

In FY2025, which was the second year of this plan, sales of locally purchased products and Abbott products decreased in Japan. Sales of AEDs fell short of the Company's expectations mainly due to inventory adjustment at distributors. Sales of IT systems that contribute to improving operational efficiency in medical institutions increased favorably, and sales of in-house consumables and services also increased. Sales of in-house products decreased slightly, as capital expenditure in hospitals was cautious due to deterioration of their business sentiment. Overseas sales fell short of the Company's original forecast, mainly due to delays in regulatory compliance in Europe and Asia & Other and a slower-than-expected recovery in demand for medical devices in China. In North America, decision-making in business negotiations for patient monitors has become more cautious. On the other hand, sales of ventilators increased significantly, especially in North America, Europe, and Latin America, because the Company managed to enhance its presence globally. Under these circumstances, the Nihon Kohden Group has implemented the reform of the profit structure and accelerated its transformation into a global MedTech company. Gross profit margin decreased over FY2024 due to higher raw material prices and increase in inventory devaluation. However, the Company made steady progress in transformation into a highly profitable structure, because the Company raised selling prices of in-house products and consumables, and restrained sales of locally purchased products in its domestic business. SG&A expenses increased due to wage increases and R&D investments, as well as higher depreciation caused by M&A and capital investments. On the other hand, the Company reduced the increase of headcount and overtime hours by utilizing generative AI. The Company also reduced other expenses through the relocation or consolidation of domestic offices and the review of contracts and usage fees related to internal IT systems. While the Company achieved certain results from the reform of the profit structure, operating income fell short of its forecast, because overall actual sales were behind expectations.

In FY2026, which is the final year of this plan, Nihon Kohden will implement its six key measures. The Company will focus on selling in-house products, consumables, and services. However, overall sales are expected to decline due to the discontinuation of Abbott products. The Company will improve its profitability by focusing on the growth of its North America Business and the reform of the profit structure.

(4) Other Significant Matters for Corporate Management

Not applicable

3. Basic Approach to Selection of Accounting Standards

The Company is preparing for the future application of IFRS by analyzing the impact on the consolidated financial statements associated with its application and examining the specific work required thereafter.

4. Consolicated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	March 31, 2025	March 31, 2026
ASSETS		
Current assets:		
Cash and deposits	28,428	35,695
Notes receivable - trade	554	300
Electronically recorded monetary claims - operating	3,923	3,877
Accounts receivable - trade	66,708	65,673
Securities	15,000	11,000
Merchandise and finished goods	32,879	33,332
Work in process	4,475	4,976
Raw materials and supplies	18,819	17,682
Other current assets	12,801	5,621
Allowance for doubtful accounts	-505	-351
Total current assets	183,085	177,808
Non-current assets:		
Property, plant and equipment		
Buildings and structures, net	11,111	17,446
Machinery, equipment and vehicles, net	1,136	1,249
Tools, furniture and fixtures, net	4,467	4,761
Land	7,099	7,111
Lease assets, net	49	196
Construction in progress	5,406	1,485
Total property, plant and equipment	29,270	32,250
Intangible assets		
Goodwill	12,938	12,581
Other intangible assets	14,715	14,641
Total intangible assets	27,653	27,222
Investments and other assets		
Investment securities	4,117	4,272
Deferred tax assets	4,256	3,161
Net defined benefit asset	7,251	9,137
Other investments and other assets	2,771	3,154
Allowance for doubtful accounts	-129	-468
Total investments and other assets	18,266	19,256
Total non-current assets	75,191	78,730
Total assets	258,276	256,538

(Millions of yen)

	March 31, 2025	March 31, 2026
LIABILITIES		
Current liabilities:		
Notes and accounts payable - trade	19,786	20,083
Short-term loans payable	26,030	50
Current portion of long-term loans payable	—	2,555
Accounts payable - other	4,190	4,203
Lease obligations	8	71
Accrued income taxes	3,832	1,331
Accrued expenses	4,512	6,498
Provision for bonuses	4,585	4,565
Provision for product warranties	1,750	1,850
Other current liabilities	7,600	8,219
Total current liabilities	72,296	49,428
Non-current liabilities:		
Long-term loans payable	—	22,388
Lease obligations	38	139
Deferred tax liabilities	2,462	2,257
Other non-current liabilities	2,184	2,500
Total non-current liabilities	4,685	27,286
Total liabilities	76,981	76,714
NET ASSETS		
Shareholders' equity:		
Capital stock	7,544	7,544
Capital surplus	9,663	3,938
Retained earnings	166,171	175,451
Treasury shares	-13,707	-18,633
Total shareholders' equity	169,672	168,300
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	1,089	1,596
Foreign currency translation adjustment	6,711	6,823
Remeasurements of defined benefit plans	2,079	3,003
Total accumulated other comprehensive income	9,879	11,423
Non-controlling interests	1,742	100
Total net assets	181,294	179,824
Total Liabilities and Net Assets	258,276	256,538

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(Millions of yen)

		Year ended March 31, 2025		Year ended March 31, 2026
Net sales		225,424		235,099
Cost of sales	*2	108,266	*2	113,372
Gross profit		117,157		121,726
Selling, general and administrative expenses	*1, *2	96,444	*1, *2	102,981
Operating income		20,713		18,745
Non-operating income				
Interest income		428		304
Dividend income		144		122
Foreign exchange gains		—		3,484
Subsidy income		159		66
Reversal of allowance for doubtful accounts		—		37
Other non-operating income		339		489
Total non-operating income		1,072		4,503
Non-operating expenses				
Interest expenses		144		341
Loss on valuation of investment securities		67		111
Foreign exchange losses		951		—
Other non-operating expenses		249		252
Total non-operating expenses		1,412		705
Ordinary income		20,373		22,544
Extraordinary income				
Gain on sales of non-current assets		4		13
Gain on sales of investment securities	*3	2,027	*3	578
Gain on step acquisitions		—		157
Total extraordinary income		2,031		749
Extraordinary losses				
Loss on sales of non-current assets		5		18
Loss on retirement of non-current assets		59		53
Business restructuring costs		182		—
Extra payments for early retirements		—		2,429
Loss on revision of retirement benefit plan		—		850
Difference on settlement of asset retirement obligations		—		8
Impairment losses	*4	75		—
Loss on valuation of investment securities	*5	510		—
Total extraordinary losses		833		3,360
Income before income taxes		21,570		19,932
Income taxes - current		8,300		5,003
Income taxes - deferred		-828		358
Total income taxes		7,471		5,362
Net income		14,098		14,570
Income attributable to non-controlling interests		—		56
Income attributable to owners of parent		14,098		14,513

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Year ended March 31, 2025	Year ended March 31, 2025
Net income	14,098	14,570
Other comprehensive income		
Valuation difference on available-for-sale securities	-1,706	507
Foreign currency translation adjustment	938	15
Remeasurements of defined benefit plans, net of tax	173	924
Total other comprehensive income	-594	1,446
Comprehensive income	13,503	16,016
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,403	16,056
Comprehensive income attributable to non-controlling interests	100	-39

(3) Consolidated Statements of Changes in Equity
Year ended March 31, 2025

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2024	7,544	9,718	163,578	-10,233	170,608
Changes arising during year					
Cash dividends			-5,100		-5,100
Net income attributable to owners of parent			14,098		14,098
Purchase of treasury share				-10,001	-10,001
Disposal of treasury share		32		34	67
Cancellation of treasury stock		-88	-6,405	6,493	—
Purchase of treasury share to the employee stock ownership plan trust					—
Disposal of treasury share to the employee stock ownership plan trust					—
Change in ownership interest of parent due to transactions with non-controlling interests					—
Other					—
Net changes other than stockholders' equity					—
Total changes during the year	—	-55	2,593	-3,473	-935
Balance at March 31, 2025	7,544	9,663	166,171	-13,707	169,672

	Accumulated other comprehensive income				Non-controlling interest	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at April 1, 2024	2,796	5,772	1,905	10,474	—	181,082
Changes arising during year						
Cash dividends						-5,100
Net income attributable to owners of parent						14,098
Purchase of treasury share						-10,001
Disposal of treasury share						67
Cancellation of treasury stock						—
Purchase of treasury share to the employee stock ownership plan trust						—
Disposal of treasury share to the employee stock ownership plan trust						—
Change in ownership interest of parent due to transactions with non-controlling interests						—
Other						—
Net changes other than stockholders' equity	-1,706	938	173	-594	1,742	1,147
Total changes during the year	-1,706	938	173	-594	1,742	212
Balance at March 31, 2025	1,089	6,711	2,079	9,879	1,742	181,294

Year ended March 31, 2026

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2025	7,544	9,663	166,171	-13,707	169,672
Changes arising during year					
Cash dividends			-5,233		-5,233
Net income attributable to owners of parent			14,513		14,513
Purchase of treasury share				-5,000	-5,000
Disposal of treasury share		-1		76	75
Cancellation of treasury stock					—
Purchase of treasury share to the employee stock ownership plan trust				-1,616	-1,616
Disposal of treasury share to the employee stock ownership plan trust		2		1,614	1,616
Change in ownership interest of parent due to transactions with non-controlling interests		-5,730			-5,730
Other		4			4
Net changes other than stockholders' equity					—
Total changes during the year	—	-5,725	9,279	-4,925	-1,371
Balance at March 31, 2026	7,544	3,938	175,451	-18,633	168,300

	Accumulated other comprehensive income				Non-controlling interest	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at April 1, 2025	1,089	6,711	2,079	9,879	1,742	181,294
Changes arising during year						
Cash dividends						-5,233
Net income attributable to owners of parent						14,513
Purchase of treasury share						-5,000
Disposal of treasury share						75
Cancellation of treasury stock						—
Purchase of treasury share to the employee stock ownership plan trust						-1,616
Disposal of treasury share to the employee stock ownership plan trust						1,616
Change in ownership interest of parent due to transactions with non-controlling interests						-5,730
Other						4
Net changes other than stockholders' equity	507	111	924	1,543	-1,642	-99
Total changes during the year	507	111	924	1,543	-1,642	-1,470
Balance at March 31, 2026	1,596	6,823	3,003	11,423	100	179,824

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Cash flows from operating activities		
Income before income taxes	21,570	19,932
Depreciation and amortization	4,066	4,757
Amortization of goodwill	124	1,064
Impairment loss	75	—
Loss (gain) on sales and retirement of property, plant and equipment	23	58
Loss (gain) on sales and retirement of intangible assets	37	0
Increase (decrease) in allowance for doubtful accounts	-0	160
Increase (decrease) in provision for bonuses	340	-120
Increase (decrease) in provision for product warranties	120	3
Increase (decrease) in net defined benefit asset or liability	-1,044	-506
Interest and dividend income	-573	-426
Interest expenses	144	341
Foreign exchange losses (gains)	702	-2,619
Loss (gain) on valuation of investment securities	578	111
Loss (gain) on sales of investment securities	-2,027	-578
Loss (gain) on step acquisitions	—	-157
Decrease (increase) in notes and accounts receivable - trade	716	3,368
Decrease (increase) in inventories	2,452	1,886
Increase (decrease) in notes and accounts payable - trade	-271	-870
Increase (decrease) in accrued consumption taxes	-676	-811
Other, net	-1,618	3,034
Subtotal	24,741	28,628
Interest and dividends income received	386	331
Interest expenses paid	-91	-261
Income taxes paid	-9,749	-7,643
Net cash flows from operating activities	15,286	21,055
Cash flows from investing activities		
Proceeds from sales of investment securities	2,222	827
Purchase of investment securities	-60	-15
Proceeds from sales of property, plant and equipment	1	38
Purchase of property, plant and equipment	-7,126	-5,727
Purchase of intangible assets	-1,583	-2,131
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-18,869	-540
Other, net	277	-735
Net cash flows from investing activities	-25,138	-8,285
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	25,374	-25,991
Proceeds from long-term borrowings	—	25,500
Repayments of long-term loans payable	—	-637
Proceeds from sales of treasury shares	—	1,616
Purchase of treasury shares	-10,001	-6,616
Cash dividends paid	-5,100	-5,233
Repayments of lease obligations	-34	-49
Decrease (increase) in deposit paid	-7,687	7,247
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	-7,433
Net cash flows from financing activities	2,550	-11,599
Effect of exchange rate change on cash and cash equivalents	485	1,405
Net increase (decrease) in cash and cash equivalents	-6,816	2,576
Cash and cash equivalents at beginning of period	49,877	43,061
Cash and cash equivalents at end of period	43,061	45,637

(5) Notes to the Consolidated Financial Statements

(Assumption of Going Concern)
Not applicable.

(Basis of Presentation of the Consolidated Financial Statements)
1. Scope of consolidation
Number of consolidated subsidiaries: 37 companies
Nihon Kohden Tomioka Corporation,
Nihon Kohden America, LLC,
Nihon Kohden Europe GmbH and other 34 companies
Note: DOWELL Co., Ltd. was included in the scope of consolidation through a business combination by acquisition, and Nihon Kohden Advanced Technology Center, India and Nihon Kohden Arabia RHQ LLC were included in the scope of consolidation as a newly established company.
Meanwhile, E-Staff Insurance Services Co., Ltd., which had been a consolidated subsidiary of the Company, was dissolved as a result of a merger in which E-Staff Co., Ltd., another consolidated subsidiary of the Company, was the surviving entity. In addition, Advanced Medical Predictive Devices, Diagnostics and Displays, LLC, which had also been a consolidated subsidiary of the Company, was dissolved due to a merger in which Nihon Kohden Digital Health Solutions, LLC, another consolidated subsidiary of the Company, was the surviving entity. Accordingly, both companies ware excluded from the scope of consolidation.

2. Accounting periods of consolidated subsidiaries
Of the consolidated subsidiaries, the fiscal year end of Shanghai Kohden Medical Electronic Instrument Corp., Nihon Kohden Do Brasil Ltda., Nihon Kohden Latin America S.A.S., Nihon Kohden Mexico S.A. de C.V., NeuroAdvanced Corp., Ad-Tech Medical Instrument Corporation and two special purpose companies, is December 31 and the difference with the fiscal year end of the consolidated financial statements (March 31) does not exceed three months, so the financial statements of these companies as of the fiscal year end are used, and necessary adjustments for consolidation are made when there are significant transactions between the fiscal year end of these companies and the fiscal year end of consolidated financial statements.
Dowell Co., Ltd. which became a newly consolidated subsidiary during the current fiscal year, has a fiscal year end of April 30; however, as the deemed acquisition date has been set as March 31, only the balance sheet has been consolidated.
In addition, previously, Software Team S.r.l, a consolidated subsidiary whose fiscal year end was December 31, changed its fiscal year from end on December 31 to end on March 31. For the FY2025, the Company has consolidated the fifteen months from January 1, 2025, to March 31, 2026, and the impact of the change in the fiscal year end is adjusted through the consolidated statements of income.

3. Significant accounting principles
(1) Valuation standards and methodology for material assets
(i) Securities
Available-for-sale-securities
-Securities other than for which there are no fair value:
Stated at fair value based on the quoted market price at the fiscal year end (with any unrealized gains or losses being reported directly as a component of shareholders' equity and the cost of any securities sold being computed by the moving average method)
-Securities for which there are no fair value:
Stated at cost determined by the moving average method
(ii) Derivatives
Stated at fair value
(iii) Inventories
Stated at cost (balance sheet amounts are measured at the lower of cost or net selling value), valuation methodology for each category of inventories is as follows:

Finished goods, Merchandise, semiprocessed goods	: moving average method
Work in process	: specific identification method
Raw materials, supplies	: moving average method

(2) Depreciation and amortization methods for material depreciable assets
(i) Property, plant and equipment (excluding lease assets)
The Company and its domestic subsidiaries provided depreciation principally by the declining-balance method based on the estimated useful lives, except for the buildings acquired on or after April 1, 1998 and the equipment attached to buildings and structures acquired on or after April 1, 2016, which are depreciated based on the straight-line method. Its foreign subsidiaries provided depreciation principally by the straight-line method.
The estimated useful lives are as follows:

Buildings and structures	3-50 years
Machinery, equipment and vehicles	2-15 years

(ii) Intangible assets (excluding lease assets)
Straight-line method is applied.
Straight-line method over the useful lives (mainly 5 years) is applied for software.

(iii) Lease assets
Lease assets related to finance lease transaction without transfer of ownership
Lease assets are depreciated on a straight-line basis, with the lease periods as their useful lives and no residual value.

(3)Policy on translation of major assets and liabilities denominated in foreign currency into Japanese Yen
Receivables and payables denominated in foreign currencies are translated into yen at the rate of exchange at the balance sheet date. Assets and liabilities of overseas subsidiaries are translated into yen at the rate of exchange at the balance sheet date and revenues and expenses into yen at the average rate of exchange prevailing during the year, and a comprehensive adjustment resulting from translation is presented as "Foreign currency translation adjustment" in Net Assets.

(4) Basis of material allowances
(i) Allowance for doubtful accounts
Allowance for doubtful accounts is measured at estimated recoverable amounts. For general receivables, the recoverable amounts are estimated by historical write-off ratio and for individual receivables such as receivables with default risk, the recoverable amounts are estimated individual basis.
(ii) Provision for bonuses
Provision for bonuses is measured based on estimated amount of payment for employee bonuses.
(iii) Provision for product warranties
Provision for product warranties is measured at estimated repair expenses based on ratio of the expenses incurred to sales and individual estimates to provide for the cost of repairs to be made free of charge after shipment of the products.

(5) Accounting treatment for retirement benefits
(i) The method of attributing expected retirement benefit
For calculating benefit obligation, the method of attributing expected retirement benefit to periods up to the end of current fiscal year is the benefit formula basis.
(ii) The method of amortizing actuarial gains and losses
Actuarial gains and losses are amortized using the declining balance method within over average remaining years of service of the employees (5 years) from the following year in which the gains or losses are recognized.

(6) Recognition criteria for significant revenues and expenses
With respect to revenues arising from the Group's contracts with its customers, major performance obligations in the principal business and usual point in time that a performance obligation is satisfied (usual point in time to recognize revenues) are as follows:
(i)Sales of products
Revenue is recognized at the time of delivery to the customer or at the time of acceptance upon inspection. For products such as consumables that do not require installation, revenue is recognized at the time of shipment.
(ii)Repair, maintenance and other services
Repair, maintenance and other services includes revenues related to repair, inspection, maintenance and other services mainly related to products. Revenue for repair and inspection is recognized at the time of completion of service provision and for maintenance and other services, revenue is recognized over the period in which the services are rendered as performance obligations are deemed to be satisfied over time.

(7) Significant method of hedge accounting
(i) Hedge accounting
Deferral hedge accounting is applied.
(ii) Hedge methods and hedged items

Hedge methods	Derivative transactions (forward exchange contract)
Hedged items	Planned trading transactions that are denominated in foreign currencies

(iii) Hedge policy
The Group carries out forward exchange contract for hedging the risk of foreign exchange fluctuation of planned trading transactions that are denominated in foreign currencies.
(iv) Evaluation of hedge effectiveness
Evaluation of hedge effectiveness of planned trading transactions as hedge items and forward exchange contracts as hedge methods are omitted as their principal conditions are the same.

(8) Goodwill amortization and amortization period
Goodwill is amortized using the straight-line method over estimated duration of the effect (within 20 years). However, when the amount of goodwill is immaterial, it is amortized in total when it is recognized.

(9) Cash and cash equivalents in the consolidated statements of cash flows
Cash and cash equivalents as stated in the consolidated statements of cash flows consist of cash in hand, readily available deposits, and any short-term liquid investments with a maturity not exceeding three months at the time of purchase whose value is not subject to significant fluctuation risk.

(Notes to the Consolidated Statements of Income)

*1 Major accounts and amounts of selling, general and administrative expenses are as follows:

	Previous fiscal year (From April 1, 2024 To March 31, 2025)	Current fiscal year (From April 1, 2025 To March 31, 2026)
1 Salaries and allowances	¥40,883 million	¥43,599 million
2 Provision for bonuses	¥3,765 million	¥3,596 million
3 Retirement benefit expenses	¥1,580 million	¥1,366 million
4 Depreciation	¥2,860 million	¥3,732 million
5 Legal welfare expenses	¥8,512 million	¥8,622 million
6 Travel and transportation expenses	¥3,649 million	¥3,884 million
7 Research and development expenses	¥6,826 million	¥7,453 million
8 Freight and packing costs	¥2,226 million	¥2,303 million

*2 Research and development expenses included in general and administrative expenses and manufacturing costs for the year are as follows:

	Previous fiscal year (From April 1, 2024 To March 31, 2025)	Current fiscal year (From April 1, 2025 To March 31, 2026)
	¥6,826 million	¥7,453 million

*3 Gain on sale of investment securities

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

The increase was caused by the sale of a portion of investment securities (two listed stocks) held by the Company.

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

The increase was caused by the sale of a portion of investment securities (two listed stocks) held by the Company.

*4 Impairment losses

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

In the current fiscal year, as a result of reviewing the business plan of goodwill related to Shanghai Kohden Medical Electronic Instrument Corp., a consolidated subsidiary, the carrying amount was reduced to the recoverable value, and an impairment loss of ¥75 million was recorded as an extraordinary losses. Recoverable value is measured in terms of use value, but is calculated at zero because future cash flows are not forecasted.

*5 Loss on valuation of investment securities

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

The Company has impaired a portion of its investment securities (one unlisted stock) due to a significant decline in recoverable value.

(Business Combinations)
(Business Combination through Acquisition)

Board of Directors of the Company held on January 14, 2026 has resolved to acquire shares of DOWELL Co., Ltd. ("DOWELL"). DOWELL will become a consolidated subsidiary of the Company. The Company entered into a shareholders agreement with Yoshihiro Shindo ("Mr. Shindo"), Representative Director and shareholder of DOWELL, regarding DOWELL's business operations under the new capital structure (the Company: 90.3%, Mr. Shindo: 9.7%) and the future acquisition of shares of DOWELL by the Company. As we acquired the shares on February 27, 2026, increasing our equity ownership to 90.3%, DOWELL became a consolidated subsidiary of the Company.

1. Outline of business combination
(1) Name of acquired company and its business description
Name of acquired company: DOWELL Co., Ltd.
Business description: R&D and sales of medical information systems
(2) Main reasons for the business combination
The Company aims to create a better future for people and healthcare by solving global medical issues in its Long-term Vision, BEACON 2030. In its Value Creation Compass toward 2030, the Company also aims at value creation from data gathered through clinical sites and strives to develop a data integration platform and pioneer algorithms to create new value from information. Over the years, the Company has continued R&D and sales of IT systems to support operations in operating rooms and examination rooms, resulting in gaining a high reputation and market share in Japan.
Since its founding in 1996, DOWELL has been deeply rooted in medical practice and has continued R&D and sales of IT systems to support medical staff such as physicians and nurses. They have gained an excellent reputation through supporting operations in Japanese operating rooms, where advanced IT systems are in use.
Both Nihon Kohden and DOWELL reached an agreement on this transaction because there is a high affinity between DOWELL's IT systems and the Company's Solution Business (ITS+DHS)*, and because the Company expects that leveraging the strengths of both companies will lead to the generation of new value within the field of medical practice.
By delivering IT solutions that support enhanced data usage and greater operational efficiency in medical practice, both Nihon Kohden and DOWELL will contribute to enhancing the quality and economics of medical care. Nihon Kohden aims to enhance its corporate value and solve medical and social issues through developing next-generation perioperative solutions by combining both companies' original technologies and clinical expertise cultivated over the years with advanced technologies.
* ITS: IT Solution, DHS: Digital Health Solution.
(3) Date of the business combination
Deemed acquisition date: March 31, 2026
Share acquisition date: February 27, 2026
(4) Legal form of the business combination
Acquisition of shares for cash
(5) Name of the company after combination
No change.
(6) Ratio of voting rights acquired
Ratio of voting rights after combination : 90.3%
(7) Main reason for determining the acquiring company
The Company acquired the shares for cash.

2. Period of the acquired company's results included in the consolidated financial statements
Since the deemed acquisition date is March 31, 2026, only the balance sheet is consolidated and the consolidated statement of income for the current fiscal year does not include the results of the acquired company.

3. Acquisition cost of the acquired company and breakdown by type of consideration
The acquisition price is withheld from disclosure in accordance with the confidentiality obligations between the parties. Furthermore, appropriate due diligence has been conducted by a third-party organization to implement sufficient procedures to verify the reasonableness of the price.

4. Description and amount of major acquisition-related expenses
Fees and commissions for advisory services ¥39 million

5. Amount, causes, amortization method and amortization period of goodwill incurred
(1) Amount of goodwill incurred
¥956 million
The above amounts are tentatively calculated since the period from the business combination date to the balance sheet date is short, and the allocation of the acquisition cost has not been completed due to the identification of identifiable assets and liabilities and the estimation of their fair values at the measurement date being incomplete.
(2) Causes of goodwill incurred
Since the cost of acquisition exceeded the net amount of assets acquired and liabilities assumed, the excess amount was recorded as goodwill.
(3) Amortization method and amortization period of goodwill incurred
Equal depreciation over 8 years

6. Amounts of assets acquired and liabilities assumed on the date of combination and major breakdown

Current assets	¥1,029 million
Non-current asset	¥256 million
Total assets	¥1,286 million
Current liabilities	¥181 million
Non-current liabilities	¥76 million
Total liabilities	¥258 million

(Significant Changes in Shareholders' Equity)

(Acquisition of Additional Shares of Consolidated Subsidiary)

The Company has acquired additional shares of NeuroAdvanced Corp., which is the parent company of Ad-Tech Medical Instrument Corporation on July 1, 2025 as deemed acquisition date. As a result, capital surplus decreased by ¥5,730 million at the end of the current fiscal period.

(Acquisition of Own Shares)

At the Board of Directors of the Company held on December 3, 2025, the Company has resolved to acquire its own shares pursuant the provisions of Article 156 of the Companies Act, as applied by replacing the relevant terms pursuant to the provisions of Article 165, paragraph (3) of the same Act, and acquired its own shares of 3,135,900 shares. As a result, treasury shares at the end of the current fiscal year increased by ¥4,999 million.

As a result, capital surplus amounted to ¥3,938 million and treasury shares amounted to ¥18,633 million at the end of the current fiscal period.

(Segment Information)

1. Sales and Income by Reporting Segment

Year ended March 31, 2025 (Millions of yen)

	Reporting Segment			Total	Adjustment (Note 2)	Amount on consolidated financial statement (Note 3)
	Japan	North America	Rest of World			
Sales						
Revenue arising from contract with customers	146,525	44,899	33,999	225,424	—	225,424
Other revenue	—	—	—	—	—	—
Net sales to external customers	146,525	44,899	33,999	225,424	—	225,424
Intersegment sales	27,944	2,626	715	31,286	- 31,286	—
Total sales	174,470	47,525	34,715	256,710	- 31,286	225,424
Segment income (loss)	21,926	- 941	1,869	22,854	- 2,140	20,713

Notes:
1. The amounts are aggregated by region, based on the location of the Company or its consolidated subsidiaries.
2. Segment income (loss) adjustments of negative ¥2,140 million include negative ¥1,849 million for the unrealized gains on inventories and negative ¥315 million for amortization of goodwill and intangible assets.
3. Segment income (loss) is adjusted to coincide with operating income in the Consolidated Statement of Income.

Year ended March 31, 2026 (Millions of yen)

	Reporting Segment			Total	Adjustment (Note 2)	Amount on consolidated financial statement (Note 3)
	Japan	North America	Rest of World			
Sales						
Revenue arising from contract with customers	145,141	53,623	36,334	235,099	—	235,099
Other revenue	—	—	—	—	—	—
Net sales to external customers	145,141	53,623	36,334	235,099	—	235,099
Intersegment sales	23,657	3,499	913	28,070	- 28,070	—
Total sales	168,799	57,123	37,248	263,170	- 28,070	235,099
Segment income	14,094	2,858	2,250	19,204	- 459	18,745

Notes:
1. The amounts are aggregated by region, based on the location of the Company or its consolidated subsidiaries.
2. Segment income adjustments of negative ¥459 million include ¥1,340 million for the unrealized gains on inventories and negative ¥1,806 million for amortization of goodwill and intangible assets.
3. Segment income is adjusted to coincide with operating income in the Consolidated Statement of Income.

[Related information]

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

1. Information by products and services

(Millions of yen)

	Physiological Measuring Equipment	Patient Monitors	Treatment Equipment	Other Medical Equipment	Total
Net sales to external customers	46,874	84,965	53,184	40,400	225,424

2. Geographic information

(1) Net sales

(Millions of yen)

Japan	North America	Latin America	Europe	Asia & Other	Total
145,237	41,900	5,388	12,554	20,344	225,424

Notes: 1. Net sales are based on the location of customers and are classified by country or region.
2. Net sales to North America include net sales of ¥41,591 million in the U.S., which represents more than 10% of sales in the consolidated statements of income.

(2) Property, plant and equipment

(Millions of yen)

Japan	North America	Latin America	Europe	Asia & Other	Total
25,497	1,571	74	235	1,891	29,270

3. Information by major customers

Because no particular customer whose sales are over 10% of sales in the consolidated statement of income exists, the information by major customers is not disclosed.

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

1. Information by products and services

(Millions of yen)

	Physiological Measuring Equipment	Patient Monitors	Treatment Equipment	Other Medical Equipment	Total
Net sales to external customers	53,636	84,258	56,286	40,918	235,099

2. Geographic information

(1) Net sales

(Millions of yen)

Japan	North America	Latin America	Europe	Asia & Other	Total
144,406	49,808	5,613	13,649	21,621	235,099

Notes: 1. Net sales are based on the location of customers and are classified by country or region.
2. Net sales to North America include net sales of ¥49,177 million in the U.S., which represents more than 10% of sales in the consolidated statements of income.

(2) Property, plant and equipment

(Millions of yen)

Japan	North America	Latin America	Europe	Asia & Other	Total
28,450	1,662	77	326	1,733	32,250

3. Information by major customers

Because no particular customer whose sales are over 10% of sales in the consolidated statement of income exists, the information by major customers is not disclosed.

(Per Share Information)

Item	Previous fiscal year (From April 1, 2024 To March 31, 2025)	Current fiscal year (From April 1, 2025 To March 31, 2026)
Net assets per share	¥1,101.11	¥1,123.47
Net income per share	¥84.88	¥89.25

Notes:
1. Diluted net income per share for the previous and current fiscal year are not stated as there are no potential shares that have dilutive effect.
2. Effective July 1, 2024, each share of common stock was split into two shares. Net assets per share and net income per share is calculated on the assumption that the stock split was implemented at the beginning of the fiscal year ended March 31, 2025.
3.The shares of the Company remaining in the trust, which are recorded as treasury shares within shareholders' equity, are included in treasury shares to be deducted from the total number of shares issued at the end of the period for the purpose of calculating net assets per share (previous fiscal year: — thousand shares; current fiscal year: 930 thousand shares).
They are also included in treasury shares to be deducted in calculating the average number of shares outstanding during the period for the purpose of calculating net income per share (previous fiscal year: — thousand shares; current fiscal year: 786 thousand shares).
4. The basis for calculating net income per share and net assets per share is as follows:

(1) Net income per share

Item	Previous fiscal year (From April 1, 2024 To March 31, 2025)	Current fiscal year (From April 1, 2025 To March 31, 2026)
Income attributable to owners of parent (Millions of yen)	14,098	14,513
Income not applicable to common stockholders (Millions of yen)	—	—
Income attributable to owners of parent applicable to common stock (Millions of yen)	14,098	14,513
Weighted average number of shares outstanding (Thousands of shares)	166,108	162,607

Note:

Effective July 1, 2024, each share of common stock was split into two shares. Weighted average number of shares outstanding is calculated on the assumption that the stock split was implemented at the beginning of the fiscal year ended March 31, 2025.

(2) Net assets per share

Item	Previous fiscal year (As of March 31, 2025)	Current fiscal year (As of March 31, 2026)
Total net assets (Millions of yen)	181,294	179,824
Amounts deducted from total net assets (Millions of yen)	1,742	100
Net assets applicable to common stock (Millions of yen)	179,552	179,724
Number of shares outstanding at the end of year on which net assets per share is calculated (Thousands of shares)	163,064	159,972

(Subsequent Event)

(Cancellation of Treasury Shares)

Board of Directors of the Company held on May 14, 2026 has resolved to cancel treasury shares pursuant to Article 178 of the Companies Act.

1. Class of shares to be cancelled: Common shares of the Company
2. Number of shares to be cancelled: 3,000,000 shares
   (1.75% of the total number of shares issued before the cancellation)
3. Scheduled date of cancellation: June 18, 2026

(Reference)

The total number of shares issued after the cancellation will be 167,961,960 shares.

5. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(Millions of yen)

	March 31, 2025	March 31, 2026
ASSETS		
Current assets:		
Cash and deposits	12,768	15,122
Notes receivable - trade	481	242
Electronically recorded monetary claims - operating	3,923	3,877
Accounts receivable - trade	64,935	54,235
Securities	15,000	11,000
Merchandise and finished goods	15,534	14,664
Work in process	1,255	1,416
Raw materials and supplies	581	660
Prepaid expenses	1,278	1,387
Accrued income	783	851
Short-term loans receivable from subsidiaries and associates	39,582	41,189
Accounts receivable – other	9,795	10,277
Advances paid	51	45
Other current assets	8,220	137
Allowance for doubtful accounts	-5,539	-5,578
Total current assets	168,653	149,529
Non-current assets:		
Property, plant and equipment		
Buildings	14,762	21,259
Accumulated depreciation	-6,291	-6,634
Buildings, net	8,470	14,625
Structures	209	542
Accumulated depreciation	-176	-183
Structures, net	32	358
Machinery and equipment	678	675
Accumulated depreciation	-565	-592
Machinery and equipment, net	113	83
Vehicles	5	4
Accumulated depreciation	-5	-4
Vehicles, net	0	0
Tools, furniture and fixtures	22,252	22,234
Accumulated depreciation	-19,333	-19,188
Tools, furniture and fixtures, net	2,918	3,045
Land	5,666	5,666
Lease assets	26	198
Accumulated depreciation	-11	-31
Lease assets, net	14	166
Construction in progress	4,763	869
Total property, plant and equipment	21,980	24,816

(Millions of yen)

	March 31, 2025	March 31, 2026
Intangible assets		
Goodwill	75	69
Patent right	7	5
Software	3,200	3,874
Telephone subscription right	51	50
Other intangible assets	328	334
Total intangible assets	3,663	4,335
Investments and other assets		
Investment securities	4,106	4,263
Shares of subsidiaries and associates	17,486	26,795
Investments in capital of subsidiaries and associates	2,905	2,592
Long-term loans receivable from employees	9	10
Long-term loans receivable from subsidiaries and associates	2,736	1,989
Prepaid pension costs	3,905	4,366
Deferred tax assets	3,013	4,187
Other investments and other assets	2,109	2,438
Allowance for doubtful accounts	-76	-415
Total investments and other assets	36,196	46,229
Total non-current assets	61,840	75,380
Total assets	230,493	224,910
LIABILITIES		
Current liabilities:		
Accounts payable - trade	21,060	18,581
Short-term loans payable	25,750	—
Current portion of long-term loans payable	—	2,550
Accounts payable - other	3,258	3,090
Accrued income taxes	3,399	584
Accrued expenses	2,793	3,241
Contract liabilities	4,084	4,298
Deposits received	295	296
Provision for bonuses	3,636	3,476
Provision for product warranties	337	362
Other current liabilities	8	50
Total current liabilities	64,624	36,532
Non-current liabilities:		
Long-term loans payable	—	22,312
Asset retirement obligations	918	888
Other non-current liabilities	93	157
Total non-current liabilities	1,011	23,358
Total liabilities	65,636	59,891

(Millions of yen)

	March 31, 2025	March 31, 2026
NET ASSETS		
Shareholders' equity:		
Capital stock	7,544	7,544
Capital surplus		
Legal capital surplus	10,482	10,482
Other capital surplus	—	0
Total capital surplus	10,482	10,483
Retained earnings		
Legal retained earnings	1,149	1,149
Other retained earnings		
General reserve	130,460	147,460
Retained earnings brought forward	27,838	15,418
Total retained earnings	159,448	164,028
Treasury shares	-13,707	-18,633
Total shareholders' equity	163,767	163,422
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	1,089	1,596
Total valuation and translation adjustments	1,089	1,596
Total net assets	164,856	165,018
Total Liabilities and Net Assets	230,493	224,910

(2) Non-Consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Net sales		
Net sales of finished goods	123,970	120,874
Net sales of merchandise	48,028	45,449
Total net sales	171,999	166,324
Cost of sales		
Beginning merchandise and finished goods	16,505	15,161
Cost of products manufactured	485	325
Purchase of finished goods	49,467	52,284
Purchase of merchandise	38,028	35,229
Total	104,486	103,002
Ending merchandise and finished goods	15,161	14,296
Total cost of sales	89,325	88,705
Gross profit	82,673	77,618
Selling, general and administrative expenses	61,134	63,727
Operating income	21,538	13,890
Non-operating income		
Interest income	1,780	1,741
Dividend income	2,376	1,448
Subsidy income	156	65
Foreign exchange gains	—	3,434
Rental income from land and buildings	155	155
Other non-operating income	139	222
Total non-operating income	4,608	7,067
Non-operating expenses		
Interest expenses	80	285
Foreign exchange losses	869	—
Loss on valuation of investment securities	67	111
Other non-operating expenses	25	79
Total non-operating expenses	1,043	476
Ordinary income	25,103	20,481
Extraordinary income		
Gain on sales of non-current assets	0	10
Gain on sales of investment securities	2,027	578
Total extraordinary income	2,027	589
Extraordinary losses		
Loss on sales of non-current assets	—	0
Loss on retirement of non-current assets	46	49
Extra payments for early retirements	—	2,317
Loss on revision of retirement benefit plan	—	807
Difference on settlement of asset retirement obligations	—	8
Loss on transfer pricing adjustment	—	5,071
Loss on valuation of investments in capital of subsidiaries and associates	—	312
Provision for doubtful accounts of subsidiaries and associates	2,598	311
Loss on valuation of investment securities	510	—
Total extraordinary losses	3,155	8,879
Income before income taxes	23,974	12,191
Income taxes - current	7,263	3,805
Income taxes - deferred	-50	-1,427
Total income taxes	7,213	2,377
Net income	16,761	9,813

(3) Non-Consolidated Statements of Changes in Equity

Year ended March 31, 2025

(Millions of yen)

	Shareholders' equity							
		Capital surplus			Retained earnings			
						Other retained earnings		
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	General reserve	Retained earnings brought forward	Total retained earnings
Balance at April 1, 2024	7,544	10,482	55	10,537	1,149	133,460	19,582	154,191
Changes arising during year								
Cash dividends							-5,100	-5,100
Net income							16,761	16,761
Provision of general reserve						-3,000	3,000	—
Purchase of treasury share								—
Disposal of treasury share			32	32				—
Cancellation of treasury stock			-88	-88			-6,405	-6,405
Purchase of treasury share to the employee stock ownership plan trust								—
Disposal of treasury share to the employee stock ownership plan trust								—
Net changes other than stockholders' equity								—
Total changes during the year	—	—	-55	-55	—	-3,000	8,256	5,256
Balance at March 31, 2025	7,544	10,482	—	10,482	1,149	130,460	27,838	159,448

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at April 1, 2024	-10,233	162,039	2,796	2,796	164,836
Changes arising during year					
Cash dividends		-5,100			-5,100
Net income		16,761			16,761
Provision of general reserve		—			—
Purchase of treasury share	-10,001	-10,001			-10,001
Disposal of treasury share	34	67			67
Cancellation of treasury stock	6,493	—			—
Purchase of treasury share to the employee stock ownership plan trust					—
Disposal of treasury share to the employee stock ownership plan trust					—
Net changes other than stockholders' equity			-1,706	-1,706	-1,706
Total changes during the year	-3,473	1,727	-1,706	-1,706	20
Balance at March 31, 2025	-13,707	163,767	1,089	1,089	164,856

Year ended March 31, 2026

(Millions of yen)

	Shareholders' equity							
		Capital surplus			Retained earnings			
						Other retained earnings		
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	General reserve	Retained earnings brought forward	Total retained earnings
Balance at April 1, 2025	7,544	10,482	—	10,482	1,149	130,460	27,838	159,448
Changes arising during year								
Cash dividends							-5,233	-5,233
Net income							9,813	9,813
Provision of general reserve						17,000	-17,000	—
Purchase of treasury share								—
Disposal of treasury share			-1	-1				—
Cancellation of treasury stock								—
Purchase of treasury share to the employee stock ownership plan trust								—
Disposal of treasury share to the employee stock ownership plan trust			2	2				—
Net changes other than stockholders' equity								—
Total changes during the year	—	—	0	0	—	17,000	-12,420	4,579
Balance at March 31, 2026	7,544	10,482	0	10,483	1,149	147,460	15,418	164,028

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at April 1, 2025	-13,707	163,767	1,089	1,089	164,856
Changes arising during year					
Cash dividends		-5,233			-5,233
Net income		9,813			9,813
Provision of general reserve		—			—
Purchase of treasury share	-5,000	-5,000			-5,000
Disposal of treasury share	76	75			75
Cancellation of treasury stock					—
Purchase of treasury share to the employee stock ownership plan trust	-1,616	-1,616			-1,616
Disposal of treasury share to the employee stock ownership plan trust	1,614	1,616			1,616
Net changes other than stockholders' equity			507	507	507
Total changes during the year	-4,925	-345	507	507	161
Balance at March 31, 2026	-18,633	163,422	1,596	1,596	165,018