This document is a translation of the Consolidated Financial Statements in the "Financial Information" section in the Annual Securities Report (YUKASHOKEN HOKOKUSHO) filed under the Financial Instruments and Exchange Act of Japan originally issued in Japanese.

Consolidated Financial Statements

FUJIFILM Holdings Corporation and Subsidiaries

March 31, 2026
with Report of Independent Auditors

FUJIFILM Holdings Corporation and Subsidiaries

Consolidated Financial Statements

March 31, 2026

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[English Translation of the Independent Auditor's Report Originally Issued in Japanese Language]

Independent Auditor's Report on the Consolidated Financial Statements

June 24, 2026

To the Board of Directors of FUJIFILM Holdings Corporation:

KPMG AZSA LLC
Tokyo Office

Hirotaka Tanaka
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yusuke Matsumoto
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yusuke Okamoto
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of FUJIFILM Holdings Corporation ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group") provided in the "Financial Information" section in the Annual Securities Report (YUKASHOKEN HOKOKUSHO), which comprise the consolidated balance sheet as at March 31, 2026 and the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the consolidated financial statements, and the consolidated supplementary schedules, in accordance with Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan.

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 cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America pursuant to Paragraph 3 of the Supplementary Provisions of the Cabinet Office Order on Partial Amendment to the Regulations on Terminology, Forms and Preparation Methods of Consolidated Financial Statements of Japan (Cabinet Office Order No. 11 of 2002).

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 in Japan (including those that are relevant to our audit of the

consolidated 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 our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The appropriateness of the Company's judgment as to whether an impairment loss should be recognized on goodwill	
The key audit matter	How the matter was addressed in our audit
Goodwill was ¥997,068 million in the consolidated balance sheet of FUJIFILM Holdings Corporation as of March 31, 2026, representing 16.5% of total assets. As described in Note 9, "Goodwill and Other Intangible Assets" to the consolidated financial statements, this amount is broken down into ¥390,010 million in the healthcare field, ¥295,190 million in the electronics field, and ¥311,868 million in the business innovation field. As described in Note 2, "Goodwill and Other Intangible Assets" to the consolidated financial statements, for goodwill, the Company assesses whether it is impaired (impairment test) as of January 1 each year, in addition to when objective facts or changes in circumstances indicate that its fair value may fall below the carrying amount. The fair value is measured based on discounted present value of future cash flows. Future cash flows are estimated based on the business plan approved by the Board of Directors. This plan has been formulated according to the recent profits and losses in each reporting unit, and also taking into consideration the forecasts of changes in the sales volumes and prices, based mainly on reports by external research companies concerning the market environment by product category and market growth rates, and the forecasts of changes, etc. in manufacturing cost and selling, general and administrative expenses. Under the business plan, in the healthcare field, business growth is expected by responding to the expanding demand for contract manufacturing of antibody drugs in the bio CDMO market through the expansion of manufacturing facilities. In the electronics field, business growth is expected in the semiconductor materials business through proactive capital investment and further expansion of the product lineup through the development of new products, etc. in response to market growth centered on the increasing demand for advanced semiconductors. In the business innovation field, amid a gradual decline in print volumes in the office market, business growth is expected by maintaining and improving profitability through a focus on high-profit areas and transitioning to an efficient sales structure. In the future sales forecasts within the business plans for each field, the healthcare field expects	To verify the appropriateness of the Company's judgment as to whether an impairment loss should be recognized on goodwill, we performed principally the following audit procedures: (1) Evaluation of internal controls We evaluated the effectiveness of design and operation of key internal controls related to estimate of fair value in impairment test of goodwill, focusing in particular on controls over the estimate of future cash flows developed based on the business plan. (2) Assessment of the reasonableness of the estimated fair value To evaluate the appropriateness of major assumptions in the formulation of the business plan underlying the estimate of future cash flows, we mainly performed the following audit procedures: ・ We made inquiries of management as to grounds for major assumptions used in the formulation of the business plan and how risks were reflected in the business plan based on the market environment by product category, and inspected relevant documents. ・ As for market growth rates used for future sales forecasts in the business plan, we carefully examined the management's assumptions for each of the healthcare, electronics and business innovation fields by checking consistency with data on forecasts of market growth released by external organizations. ・ Based on the results of our assessment of the appropriateness of major assumptions and the causes of the differences between the actual achievements and planned figures in the past plans, we examined the impact of incorporating certain uncertainties into the business plan on the determination of whether to recognize an impairment loss on goodwill. ・ We compared the aggregate of the fair values of the reporting units with the Company's market capitalization.

The appropriateness of the Company's judgment as to whether an impairment loss should be recognized on goodwill	
The key audit matter	How the matter was addressed in our audit
securing and operating contract manufacturing agreements to meet the expanded production capacity from new capital investments. The electronics field expects market growth driven by the increasing demand for advanced semiconductors. The business innovation field expects an accelerated shift towards growth areas to address changes in the business environment, such as the decline in print demand. These forecasts involve high uncertainties, requiring significant judgments by management. In addition, selecting the calculation method and input data for estimating the discount rate used to measure the fair value requires a high degree of expertise in valuation. We, therefore, determined that the appropriateness of the Company's judgment as to whether an impairment loss should be recognized on goodwill was of most significance in our audit of the consolidated financial statements of the current period, and accordingly, we determined it to be a key audit matter.	Furthermore, we performed the following procedures by engaging valuation specialists within our domestic network firms to assist our evaluation of the discount rate: ・ As for the calculation method for the discount rate, we assessed its appropriateness in light of the items subject to valuation and the requirements of the applicable accounting standards, etc. ・ As for input data used to calculate the discount rate, we assessed the appropriateness by checking the input data against the data for each field that valuation specialists independently obtained.

Other Information

The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements, the financial statements, and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. Audit & Supervisory Board Members and Audit & Supervisory Board are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for 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 and Audit & Supervisory Board Members and Audit & Supervisory Board for the Consolidated Financial Statements

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

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

Audit & Supervisory Board Members and Audit & Supervisory Board are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. 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.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The selection and application of audit procedures depends on the auditor's judgment.
- Obtain, in making those risk assessments, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in the United States of America, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the audit of the consolidated financial statements to obtain sufficient appropriate audit evidence regarding the financial information of the Company and its subsidiaries as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

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

We also provide Audit & Supervisory Board Members and Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, convey details of measures taken in order to eliminate threats or safeguards applied in order to reduce threats to an acceptable level.

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

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries are described in paragraph (3) titled "Information about audit" in Section 4 "Corporate governance, etc." included in Item IV "Information about reporting company" in Part 1 of the Annual Securities Report for the year ended March 31, 2026 of the Company.

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

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

Notes to the reader of audit report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report on the Consolidated Financial Statements as required by the Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan ("the FIEAJ") and does not include the English translation of the Independent Auditor's Report on the internal control audits as required by the Article 193-2, Paragraph 2 of the FIEAJ.

FUJIFILM Holdings Corporation states that internal control over financial reporting was effective as at March 31, 2026 in the Internal Control Report.

FUJIFILM Holdings Corporation and Subsidiaries

Consolidated Balance Sheets

	March 31		
	2026	**2025**	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Assets			
Current assets:			
Cash and cash equivalents	**¥ 170,553**	¥ 172,111	**$ 1,065,956**
Notes and accounts receivable:			
Trade *(Notes 21 and 22)*	**742,721**	680,635	**4,642,006**
Lease receivables *(Notes 5 and 21)*	**31,750**	32,821	**198,438**
Affiliated companies	**2,737**	2,371	**17,106**
Allowance for credit losses *(Notes 5 and 21)*	**(14,693)**	(15,841)	**(91,831)**
Inventories *(Note 7)*	**600,796**	543,976	**3,754,975**
Prepaid expenses and other *(Notes 18, 19, 20 and 22)*	**185,169**	165,608	**1,157,306**
Total current assets	**1,719,033**	1,581,681	**10,743,956**
Investments and long-term receivables:			
Investments in and advances to affiliated companies *(Notes 8 and 19)*	**37,617**	37,785	**235,106**
Investment securities *(Notes 4 and 20)*	**43,672**	72,298	**272,950**
Long-term lease receivables *(Notes 5 and 21)*	**49,181**	47,431	**307,381**
Other long-term receivables *(Note 21)*	**76,831**	53,176	**480,194**
Allowance for credit losses *(Notes 5 and 21)*	**(1,511)**	(1,396)	**(9,443)**
Total investments and long-term receivables	**205,790**	209,294	**1,286,188**
Property, plant and equipment *(Notes 2 and 6)*:			
Land	**121,419**	110,067	**758,869**
Buildings and structures *(Note 23)*	**1,173,654**	934,470	**7,335,337**
Machinery, equipment and other *(Note 23)*	**1,989,906**	1,717,518	**12,436,913**
Construction in progress *(Note 23)*	**979,735**	888,245	**6,123,344**
Subtotal	**4,264,714**	3,650,300	**26,654,463**
Less accumulated depreciation	**(1,956,406)**	(1,863,825)	**(12,227,538)**
Total property, plant and equipment	**2,308,308**	1,786,475	**14,426,925**
Other assets:			
Operating lease right-of-use assets *(Note 6)*	**130,157**	113,476	**813,481**
Goodwill, net *(Note 9)*	**997,068**	947,924	**6,231,675**
Other intangible assets, net *(Note 9)*	**151,175**	157,547	**944,844**
Deferred income taxes *(Note 12)*	**41,210**	42,895	**257,562**
Other *(Notes 2, 11, 22 and 23)*	**501,035**	410,616	**3,131,469**
Total other assets	**1,820,645**	1,672,458	**11,379,031**
Total assets	**¥6,053,776**	¥5,249,908	**$37,836,100**

See notes to consolidated financial statements.

FUJIFILM Holdings Corporation and Subsidiaries

Consolidated Balance Sheets (continued)

	March 31		
	2026	2025	2026
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Liabilities and equity			
Current liabilities:			
Short-term debt *(Notes 6, 10 and 19)*	**¥ 287,913**	¥ 215,103	**$ 1,799,456**
Notes and accounts payable:			
Trade	**291,296**	279,362	**1,820,600**
Construction	**97,154**	109,543	**607,213**
Affiliated companies	**1,399**	1,672	**8,744**
Accrued income taxes *(Note 12)*	**53,202**	32,701	**332,513**
Accrued liabilities *(Note 11)*	**280,017**	252,788	**1,750,106**
Short-term operating lease liabilities *(Note 6)*	**36,549**	31,582	**228,431**
Other current liabilities *(Notes 18, 19, 20 and 22)*	**210,742**	203,189	**1,317,137**
Total current liabilities	**1,258,272**	1,125,940	**7,864,200**
Non-current liabilities:			
Long-term debt *(Notes 6, 10 and 19)*	**607,034**	470,805	**3,793,963**
Accrued pension and severance costs *(Note 11)*	**25,515**	25,368	**159,469**
Long-term operating lease liabilities *(Note 6)*	**95,517**	84,795	**596,981**
Deferred income taxes *(Note 12)*	**128,442**	101,437	**802,763**
Other non-current liabilities *(Notes 11, 12, 19, 20 and 22)*	**94,611**	88,881	**591,318**
Total non-current liabilities	**951,119**	771,286	**5,944,494**
Total liabilities	**2,209,391**	1,897,226	**13,808,694**
Commitments and contingent liabilities *(Note 15)*			
Equity *(Note 13)*:			
FUJIFILM Holdings shareholders' equity:			
Capital	**40,363**	40,363	**252,269**
Common stock, without par value:			
Authorized: 2,400,000,000 shares			
Issued: 1,243,877,184 shares			
Retained earnings	**3,117,407**	2,930,151	**19,483,794**
Accumulated other comprehensive income *(Notes 2, 11, 14 and 18)*	**736,167**	433,047	**4,601,044**
Treasury stock, at cost (38,547,368 shares in 2026; 39,043,399 shares in 2025)	**(54,387)**	(55,081)	**(339,919)**
Total FUJIFILM Holdings shareholders' equity	**3,839,550**	3,348,480	**23,997,188**
Noncontrolling interests	**4,835**	4,202	**30,218**
Total equity	**3,844,385**	3,352,682	**24,027,406**
Total liabilities and equity	**¥6,053,776**	¥5,249,908	**$37,836,100**

Note: The number of shares of treasury stock as of March 31, 2026 and 2025 includes 684,550 shares and 687,450 shares of the Company's shares held in the Trust Account under the medium-term performance-linked share-based remuneration plan.

See notes to consolidated financial statements.

FUJIFILM Holdings Corporation and Subsidiaries

Consolidated Statements of Income

	Year ended March 31		
	2026	**2025**	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Revenue *(Notes 2, 5, 22 and 24)*	**¥3,356,969**	¥3,195,828	**$20,981,056**
Cost of sales *(Notes 2, 6, 11 and 24)*	**1,987,457**	1,895,749	**12,421,606**
Gross profit	**1,369,512**	1,300,079	**8,559,450**
Operating expenses *(Note 11):*			
Selling, general and administrative *(Notes 2, 6, 9, 14, 17 and 24)*	**861,512**	806,525	**5,384,450**
Research and development *(Notes 2 and 24)*	**157,790**	163,399	**986,187**
	1,019,302	969,924	**6,370,637**
Operating income *(Note 24)*	**350,210**	330,155	**2,188,813**
Other income (expenses) *(Note 11)*:			
Interest and dividend income	**11,222**	13,380	**70,138**
Interest expense *(Note 2)*	**(4,993)**	(8,752)	**(31,206)**
Foreign exchange gains (losses), net *(Notes 14 and 18)*	**(3,730)**	(3,909)	**(23,313)**
Gains (losses) on equity securities, net *(Note 4)*	**(714)**	(3,107)	**(4,463)**
Other, net *(Notes 14, 18 and 20)*	**14,634**	12,827	**91,462**
	16,419	10,439	**102,618**
Income before income taxes	**366,629**	340,594	**2,291,431**
Income taxes (*Note 12*):			
Current	**80,713**	81,809	**504,456**
Deferred	**10,548**	(4,214)	**65,925**
	91,261	77,595	**570,381**
Equity in net income (loss) of affiliated companies	**1,929**	(1,320)	**12,056**
Net income	**277,297**	261,679	**1,733,106**
Less: Net (income) loss attributable to the noncontrolling interests	**(562)**	(728)	**(3,512)**
Net income attributable to FUJIFILM Holdings	**¥ 276,735**	¥ 260,951	**$ 1,729,594**
	(Yen)		*(U.S. dollars) (Note 3)*
Amounts per share of common stock:			
Net income attributable to FUJIFILM Holdings (*Note 16*):			
Basic	**¥229.65**	¥216.67	**$1.44**
Diluted	**229.45**	216.46	**1.43**
Cash dividends declared	**(Plan) 70.00**	65.00	**0.44**

See notes to consolidated financial statements.

FUJIFILM Holdings Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

	Year ended March 31		
	2026	**2025**	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Net income	**¥277,297**	¥261,679	**$1,733,106**
Other comprehensive income (loss), net of tax *(Note 14)*:			
Foreign currency translation adjustments	**260,471**	(31,357)	**1,627,944**
Pension liability adjustments	**42,875**	20,635	**267,969**
Net unrealized gains (losses) on derivatives	**35**	(33)	**219**
Total	**303,381**	(10,755)	**1,896,132**
Comprehensive income	**580,678**	250,924	**3,629,238**
Less: Comprehensive income attributable to noncontrolling interests	**(823)**	(545)	**(5,144)**
Comprehensive income attributable to FUJIFILM Holdings	**¥579,855**	¥250,379	**$3,624,094**

See notes to consolidated financial statements.

FUJIFILM Holdings Corporation and Subsidiaries

Consolidated Statements of Changes in Equity

	Capital	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Treasury stock	FUJIFILM Holdings shareholders' equity	Noncontrolling interests	Total equity
				(Millions of yen)				
Balance as of April 1, 2024	¥40,363	¥ –	¥2,741,416	¥443,619	¥(56,151)	¥3,169,247	¥4,068	¥3,173,315
Comprehensive income (loss):								
Net income	–	–	260,951	–	–	260,951	728	261,679
Foreign currency translation adjustments *(Note 14)*	–	–	–	(31,174)	–	(31,174)	(183)	(31,357)
Pension liability adjustments *(Note 14)*	–	–	–	20,635	–	20,635	–	20,635
Net unrealized gains (losses) on derivatives *(Notes 14 and 18)*	–	–	–	(33)	–	(33)	–	(33)
Comprehensive income						250,379	545	250,924
Purchases of treasury stock	–	–	–	–	(16)	(16)	–	(16)
Sales of treasury stock	–	1,151	–	–	1,086	2,237	–	2,237
Dividends paid to FUJIFILM Holdings shareholders	–	–	(72,289)	–	–	(72,289)	–	(72,289)
Dividends paid to noncontrolling interests	–	–	–	–	–	–	(291)	(291)
Share-based payment transactions	–	(697)	–	–	–	(697)	–	(697)
Transfer from additional paid-in capital to retained earnings	–	(73)	73	–	–	–	–	–
Equity transactions with noncontrolling interests and other	–	(381)	–	–	–	(381)	(120)	(501)
Balance as of March 31, 2025	**¥40,363**	**¥ –**	**¥2,930,151**	**¥433,047**	**¥(55,081)**	**¥3,348,480**	**¥4,202**	**¥3,352,682**
Comprehensive income (loss):								
Net income	**–**	**–**	**276,735**	**–**	**–**	**276,735**	**562**	**277,297**
Foreign currency translation adjustments *(Note 14)*	**–**	**–**	**–**	**260,210**	**–**	**260,210**	**261**	**260,471**
Pension liability adjustments *(Note 14)*	**–**	**–**	**–**	**42,875**	**–**	**42,875**	**–**	**42,875**
Net unrealized gains (losses) on derivatives *(Notes 14 and 18)*	**–**	**–**	**–**	**35**	**–**	**35**	**–**	**35**
Comprehensive income						**579,855**	**823**	**580,678**
Purchases of treasury stock	**–**	**–**	**–**	**–**	**(11)**	**(11)**	**–**	**(11)**
Sales of treasury stock	**–**	**694**	**–**	**–**	**705**	**1,399**	**–**	**1,399**
Dividends paid to FUJIFILM Holdings shareholders	**–**	**–**	**(90,396)**	**–**	**–**	**(90,396)**	**–**	**(90,396)**
Dividends paid to noncontrolling interests	**–**	**–**	**–**	**–**	**–**	**–**	**(332)**	**(332)**
Share-based payment transactions	**–**	**223**	**–**	**–**	**–**	**223**	**–**	**223**
Transfer from additional paid-in capital to retained earnings	**–**	**(917)**	**917**	**–**	**–**	**–**	**–**	**–**
Equity transactions with noncontrolling interests and other	**–**	**–**	**–**	**–**	**–**	**–**	**142**	**142**
Balance as of March 31, 2026	**¥40,363**	**¥ –**	**¥3,117,407**	**¥736,167**	**¥(54,387)**	**¥3,839,550**	**¥4,835**	**¥3,844,385**

See notes to consolidated financial statements.

FUJIFILM Holdings Corporation and Subsidiaries

Consolidated Statements of Changes in Equity (continued)

	Capital	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Treasury stock	FUJIFILM Holdings shareholders' equity	Noncontrolling interests	Total equity
				(Thousands of U.S. dollars) (Note 3)				
Balance as of March 31, 2025	**$252,269**	**$ –**	**$18,313,444**	**$2,706,544**	**$(344,257)**	**$20,928,000**	**$26,263**	**$20,954,263**
Comprehensive income (loss):								
Net income	–	–	**1,729,594**	–	–	**1,729,594**	**3,512**	**1,733,106**
Foreign currency translation adjustments *(Note 14)*	–	–	–	**1,626,312**	–	**1,626,312**	**1,632**	**1,627,944**
Pension liability adjustments *(Note 14)*	–	–	–	**267,969**	–	**267,969**	–	**267,969**
Net unrealized gains (losses) on derivatives *(Notes 14 and 18)*	–	–	–	**219**	–	**219**	–	**219**
Comprehensive income						**3,624,094**	**5,144**	**3,629,238**
Purchases of treasury stock	–	–	–	–	**(69)**	**(69)**	–	**(69)**
Sales of treasury stock	–	**4,337**	–	–	**4,407**	**8,744**	–	**8,744**
Dividends paid to FUJIFILM Holdings shareholders	–	–	**(564,975)**	–	–	**(564,975)**	–	**(564,975)**
Dividends paid to noncontrolling interests	–	–	–	–	–	–	**(2,076)**	**(2,076)**
Share-based payment transactions	–	**1,394**	–	–	–	**1,394**	–	**1,394**
Transfer from additional paid-in capital to retained earnings	–	**(5,731)**	**5,731**	–	–	–	–	–
Equity transactions with noncontrolling interests and other	–	–	–	–	–	–	**887**	**887**
Balance as of March 31, 2026	**$252,269**	**$ –**	**$19,483,794**	**$4,601,044**	**$(339,919)**	**$23,997,188**	**$30,218**	**$24,027,406**

See notes to consolidated financial statements.

FUJIFILM Holdings Corporation and Subsidiaries

Consolidated Statements of Cash Flows

	Year ended March 31		
	2026	2025	2026
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Operating activities			
Net income	**¥ 277,297**	¥ 261,679	**$ 1,733,106**
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**172,371**	163,567	**1,077,319**
(Gains) losses on equity securities, net	**716**	3,107	**4,475**
Deferred income taxes	**10,548**	(4,214)	**65,925**
Equity in net (gains) losses of affiliated companies, net of dividends received	**(995)**	1,856	**(6,219)**
Changes in operating assets and liabilities:			
Notes and accounts receivable	**(23,942)**	(5,348)	**(149,638)**
Inventories	**(23,858)**	(310)	**(149,112)**
Notes and accounts payable – trade	**123**	18,254	**769**
Changes in prepaid expenses and other current assets	**(6,144)**	(11,667)	**(38,400)**
Accrued income taxes and other liabilities	**15,435**	22,615	**96,469**
Others	**(10,996)**	(21,377)	**(68,725)**
Net cash provided by operating activities *(Note 6)*	**410,555**	428,162	**2,565,969**
Investing activities			
Purchases of property, plant and equipment	**(521,583)**	(502,794)	**(3,259,894)**
Purchases of software	**(48,983)**	(55,211)	**(306,144)**
Sales of property, plant and equipment	**14,073**	33,926	**87,956**
Proceeds from sales and maturities of investment securities	**32,509**	8,705	**203,181**
Purchases of investment securities	**(5,650)**	(462)	**(35,312)**
(Increase) decrease in time deposits, net	**(2,781)**	297	**(17,381)**
Increase in investments in and advances to affiliated companies	**(181)**	(42)	**(1,131)**
Acquisitions of businesses, net of cash and cash equivalents acquired	**(6,113)**	(3,873)	**(38,206)**
Proceeds from sale of businesses, net of cash and cash equivalents disposed of	**7,752**	–	**48,450**
Others	**(23,647)**	(22,499)	**(147,794)**
Net cash used in investing activities *(Note 6)*	**(554,604)**	(541,953)	**(3,466,275)**
Financing activities			
Proceeds from long-term debt	**170,000**	350,000	**1,062,500**
Repayments of long-term debt	**(67,602)**	(82,320)	**(422,512)**
Increase (decrease) in short-term debt with maturities of three months or less, net	**102,324**	(86,625)	**639,525**
Cash dividends paid to shareholders	**(84,354)**	(68,252)	**(527,212)**
Cash dividends paid to noncontrolling interests	**(332)**	(292)	**(2,076)**
Net purchases and sales of stock for treasury	**(12)**	(16)	**(75)**
Equity transactions with noncontrolling interests	**141**	(671)	**881**
Others	**84**	(2,941)	**525**
Net cash provided by financing activities	**120,249**	108,883	**751,556**
Effect of exchange rate changes on cash and cash equivalents	**22,242**	(2,696)	**139,012**
Net decrease in cash and cash equivalents	**(1,558)**	(7,604)	**(9,738)**
Cash and cash equivalents at beginning of year	**172,111**	179,715	**1,075,694**
Cash and cash equivalents at end of year	**¥ 170,553**	¥ 172,111	**$ 1,065,956**
Supplemental disclosures			
Cash paid for interest	**¥ 4,993**	¥ 8,752	**$ 31,206**
Cash paid for income taxes	**¥71,362**	¥88,662	**$446,013**

See notes to consolidated financial statements.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements

March 31, 2026

1. Nature of Operations

FUJIFILM Holdings Corporation (the "Company") is engaged in healthcare, electronics, business innovation, and imaging businesses. The Healthcare segment develops, manufactures, sells and provides services of equipment and materials for medical systems, contract development and manufacturing organization of biopharmaceuticals, iPS cells (regenerative medicine), drug discovery support such as cell culture media and reagents, pharmaceuticals, cosmetics and supplements, and other related products. The Electronics segment develops, manufactures, sells and provides services of semiconductor materials, display materials, industrial equipment, fine chemicals, and other related products. The Business Innovation segment develops, manufactures, sells and provides services of solutions and services, digital MFPs, equipment and materials for graphic communication, inks and industrial inkjet printheads, and other related products. The Imaging segment develops, manufactures, sells and provides services of instant photo systems, color films, services and equipment for photofinishing, digital cameras, optical devices, and other related products. The Company operates throughout the world, and the overseas revenue accounts for approximately 65% of the Company's total revenue, predominantly in North America, Europe and Asia. The Company's principal manufacturing operations are located in Japan, the United States, China, Denmark and Taiwan.

2. Summary of Significant Accounting Policies

The accompanying consolidated financial statements are presented in accordance with generally accepted accounting principles in the United States of America ("US GAAP") (the Accounting Standards Codification ("ASC") issued by the Financial Accounting Standards Board ("FASB")).

The Company has prepared its consolidated financial statements pursuant to US GAAP according to the agreement concerning the issuance of Euro-dollar denominated bonds in 1970. The Company's American Depositary Receipts, listed on NASDAQ since 1971, were delisted on July 31, 2009. Nevertheless, the Company continues to prepare and disclose its consolidated financial statements in accordance with US GAAP.

The main differences between the principles and procedures of the presentation methodology between the generally accepted accounting principles in Japan and US GAAP are summarized as follows:

(1) In accordance with ASC 715, net periodic benefit costs are recorded based on actuarial calculations. Using the corridor approach, actuarial gains and losses are amortized over the average remaining years of service of the employee.
(2) In accordance with ASC 350, goodwill and other indefinite lived intangible assets are not amortized. Instead, they are tested annually for impairment and impaired if necessary.
(3) In accordance with ASC 842, operating lease right-of-use assets and liabilities are recorded using the present value of the lease payments over the lease term. A lease cost is recognized on a straight-line basis over the lease term.

Principles of Consolidation and Accounting for Investments in Affiliated Companies

The consolidated financial statements include the accounts of the Company and entities that the Company directly or indirectly controls. All significant intercompany transactions and accounts have been eliminated.

The Company's investments in affiliated companies (generally 20% to 50% owned companies), in which the ability to exercise significant influence exists, are accounted for by the equity method. Consolidated net income includes the Company's equity in the current net earnings or losses of such companies after the elimination of unrealized intercompany profits.

The Company and its certain subsidiaries have introduced a share-based remuneration plan that utilizes a Share-Delivery Trust. Under this plan, the Company disposes of treasury stock to the trust or purchases the Company's shares from the stock market through the trust. The Company's shares and cash equivalent to the redemption value of the Company's shares are distributed to Directors, etc. and employees holding positions above a certain level, according to their roles and the degree of achievement of performance targets.

2. Summary of Significant Accounting Policies (continued)

Principles of Consolidation and Accounting for Investments in Affiliated Companies (continued)

The Company and its certain subsidiaries have a right to direct activities that have the most significant impact on the trust through designing a trust system. In addition, the Company and its certain subsidiaries potentially have obligations because there is a possibility of entrusting additional funds to the trust, as needed, in order to further acquire the Company's shares through the trust. Accordingly, the Company has determined that the Company and its certain subsidiaries are the primary beneficiaries of this entity and has included this entity in the scope of consolidation as a variable interest entity.

Cash and cash equivalents of ¥76 million ($475 thousand) and treasury stock of ¥2,191 million ($13,694 thousand) held by this entity are included in the consolidated balance sheet as of March 31, 2026.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make assumptions and estimates that affect the amounts reported in the financial statements and notes.

Material items subject to such assumptions and estimates include the valuation of notes and accounts receivable, inventories, investment securities and deferred income tax assets; the valuation (including impairment) for property, plant and equipment, goodwill and intangible assets; asset retirement obligations; determination of useful lives and depreciation or amortization method; uncertain tax positions; assumptions related to the estimation of actuarially determined employee benefit obligations and accruals; and litigation and other contingencies. Actual results could differ from those estimates. The Company does not record asset retirement obligations, in cases when assets are not expected to be dismantled, and it is not possible to reasonably estimate expenses borne by the Company.

Foreign Currency Translations

The Company's foreign subsidiaries generally use the local currency as their functional currency. Accordingly, assets and liabilities are translated into the reporting currency using exchange rates prevailing at the balance sheet date and income and expenses are translated using average exchange rates prevailing during the year. Gains and losses resulting from translation are included and presented in "Accumulated other comprehensive income", a separate component of equity, as foreign currency translation adjustments.

Assets and liabilities denominated in currencies other than the functional currency are remeasured into the functional currency using exchange rates in effect at the respective balance sheet dates with the resulting gains or losses included in earnings.

2. Summary of Significant Accounting Policies (continued)

Cash Equivalents

The Company considers all highly liquid investments which are readily convertible into cash and that have original maturities of three months or less to be cash equivalents.

Certain debt securities with original maturities of three months or less are included and presented in "Cash and cash equivalents" in the consolidated balance sheets and the consolidated statements of cash flows.

Investment Securities

Of investment securities, equity securities are measured at fair value and unrealized gains or losses before tax effect are included and presented in "Gains (losses) on equity securities, net" in consolidated statements of income. Certain non-marketable equity securities without readily determinable fair value are measured at cost, minus impairment, if any, in principle. If any observable price changes in orderly transactions for the identical or similar investment of the same issuer are identified, the equity security is measured at fair value as of the date that the observable transaction occurred.

Regarding available-for-sale debt securities in investment securities, the Company separates an impairment loss for debt securities into the amount related to credit loss, which is recognized in earnings, and the amount related to all other factors, which is included and presented in "Accumulated other comprehensive income (loss)" when a decline in the value is deemed to be other-than-temporary. In determining whether such decline of debt securities is other-than-temporary, the Company also evaluates various factors including the Company's intent to sell the securities, the available evidence to assess whether it is more likely than not that the Company will be required to sell the security as well as the available evidence to assess whether the entire amortized cost basis of the security will be recovered. In addition, held-to-maturity debt securities are measured at amortized cost.

The cost of investment securities sold is based on the moving-average-cost method. Dividends are included in "Interest and dividend income" in the consolidated statements of income.

2. Summary of Significant Accounting Policies (continued)

Allowance for Credit Losses

An allowance for credit losses on financial assets is accounted for by estimating all credit losses expected to occur in future over the remaining life.

In recognizing the allowance for credit losses, the Company manages the credit quality of financial assets as individually evaluated receivables and collectively evaluated receivables. Financial assets are evaluated individually or collectively based on historical credit losses, including the financial positions of its customers and delays in payment, and reasonable and supportable forecasts.

Inventories

Inventories are valued at the lower of cost or market with cost being determined principally by the moving-average method. The Company reviews inventories for obsolete, slow-moving or excess amounts and, if required, provides an allowance to recognize their estimated net realizable values.

Property, Plant and Equipment and Depreciation

Property, plant and equipment are carried at cost. Depreciation is computed primarily using the straight-line method.

Estimated useful lives for buildings and structures are primarily 15 to 50 years and for machinery, equipment and other are 2 to 15 years.

Buildings and structures include buildings and structures rented to customers under operating leases with a cost and accumulated depreciation of ¥32,709 million ($204,431 thousand) and ¥2,834 million ($17,713 thousand) as of March 31, 2026 and ¥10,591 million and ¥2,206 million as of March 31, 2025, respectively.

Machinery, equipment and other include machines rented to customers under operating leases with a cost and accumulated depreciation of ¥292,002 million ($1,825,013 thousand) and ¥132,571 million ($828,569 thousand) as of March 31, 2026 and ¥168,926 million and ¥128,990 million as of March 31, 2025, respectively.

Net losses (gains) on sales of property, plant and equipment are included in cost of sales, selling, general and administrative, and research and development in the consolidated statements of income. The net losses (gains) on sales of property, plant and equipment for the year ended March 31, 2026 were ¥(9,485) million ($(59,281) thousand), and ¥(4,340) million ($(27,125) thousand), ¥(5,156) million ($(32,225) thousand), and ¥11 million ($69 thousand) were included in the cost of sales, selling, general and administrative, and research and development, respectively. The net losses (gains) on sales of property, plant and equipment for the year ended March 31, 2025 were ¥(29,436) million, and ¥(134) million,

¥(29,297) million, and ¥(5) million were included in the cost of sales, selling, general and administrative, and research and development, respectively.

2. Summary of Significant Accounting Policies (continued)

Leases

As for lessor accounting, the Company provides leasing arrangements primarily for MFPs, printing and copying machines and other office equipment, and manufacturing equipment for biopharmaceuticals. At the inception date of each contract, the Company determines whether a contract is, or contains, a lease. Sales-type lease and operating lease income are recorded, and included and presented in "Revenue" in the consolidated statements of income. Revenue from the sales of equipment under sales-type leases is recognized at the commencement of leases. Interest income equivalent on the sales-type leases is recognized using the effective interest method with the allocation based on the net investment in outstanding leases. Leases not qualifying as sales-type leases are accounted for as operating leases and related revenue is recognized ratably over the respective lease term. For contracts bundling equipment leases with maintenance and other services, the Company has applied the practical expedients permitted under ASC 842 and these contracts are all accounted for as lease components in accordance with ASC 842. Normally, these contracts combine the minimum usage fees and variable charges according to print runs. Some of the contracts include options to terminate the lease before the end of the lease term by giving notice to the lessor before a certain period.

As for lessee accounting, the Company has finance and operating leases primarily for assets including office buildings and vehicles. At the inception date of each contract, the Company determines whether a contract is, or contains, a lease, and recognizes right-of-use assets and lease liabilities on the commencement date of the lease. Some of the lease contracts include options to extend the lease term or terminate the lease. The Company takes into accounts the respective period of such options to determine the lease term when it is reasonably certain that it will exercise these options. The Company has lease contracts with lease and non-lease components, which are normally accounted for separately. Since most of the Company's leases do not provide an implicit rate, the Company normally uses incremental borrowing rate based on the information available at the lease commencement to determine the present value of total lease payments. For short-term leases with a lease term of 12 months or less, the Company elects not to recognize right-of-use assets and lease liabilities. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

2. Summary of Significant Accounting Policies (continued)

Goodwill and Other Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of the net assets acquired. Other intangible assets principally consist of costs allocated to technology-based intangibles and customer-related intangibles.

Under ASC 350, goodwill and other indefinite lived intangible assets are tested annually for impairment. Impairment tests for goodwill are performed based on the fair value determined using the present value of estimated future cash flows of each reporting unit. The discount rate used is based on the reporting unit's weighted average cost of capital. In addition to the annual impairment test, which the Company performs as of January 1, an interim test for goodwill impairment would be performed if events occur or circumstances indicate that its fair value may fall below the carrying amount.

Intangible assets other than those with an indefinite life are amortized on a straight-line basis over their estimated useful lives.

Capitalized Software Costs

The Company capitalizes certain costs incurred in connection with developing and obtaining internal use software in accordance with ASC 350-40. These costs consist primarily of payments made to third parties and salaries of employees working on such software development. In connection with developing internal use software, costs incurred at the application development stage or later are capitalized. In addition, the Company develops or obtains certain software to be sold, leased, or otherwise marketed where related costs incurred after establishment of technological feasibility are capitalized in accordance with ASC 985. Capitalized costs are amortized on a straight-line basis over the estimated useful lives of the software of approximately three to five years (20 years for large-scale core systems used at locations in Japan in the Business Innovation segment with the expectation of long-term and continuous use, and in consideration of the historical usage record of similar systems and the low risk of technology obsolescence). Costs and accumulated amortization of total capitalized software amounted to ¥324,602 million ($2,028,763 thousand) and ¥129,676 million ($810,475 thousand), respectively, as of March 31, 2026 and ¥284,655 million and ¥114,747 million, respectively, as of March 31, 2025. Costs and accumulated amortization of capitalized software to be sold, included in the above, amounted to ¥53,920 million ($337,000 thousand) and ¥34,546 million ($215,913 thousand), respectively, as of March 31, 2026 and ¥43,115 million and ¥29,511 million, respectively, as of March 31, 2025. Capitalized software costs are included in "Other" of "Other assets" in the consolidated balance sheets.

2. Summary of Significant Accounting Policies (continued)

Impairment of Long-lived Assets

The Company reviews long-lived assets, excluding goodwill and other indefinite lived intangible assets, for impairment whenever events or changes in business circumstances indicate the carrying amount of the assets may not be fully recoverable. If there is any indication of impairment, the estimated undiscounted future cash flows associated with the assets would be compared to the assets' carrying amount to determine if a write-down is required. If this evaluation indicates that the carrying amount of the assets exceeds the undiscounted future cash flows, the carrying amounts of the assets would be reduced to their estimated fair value. In determining the fair value, the Company uses quoted market prices in active markets or other valuation methods. If quoted market prices are unavailable, the Company primarily uses the discounted cash flow method based on the estimated discounted future cash flows expected to result from the use of the assets and their eventual disposition, the relief from royalty method or the excess earnings method.

Long-lived assets to be disposed of by sale are recorded at the lower of carrying amount or fair value less cost to sell.

Revenue Recognition

In accordance with ASC 606, the Company recognizes revenue in the amount of consideration to which it expects to be entitled in exchange for the specified goods or service transferred using the five step approach as follows.

Step 1: Identify the contract
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations
Step 5: Recognize revenue when (or as) performance obligations are satisfied

Product Warranties

The Company provides product warranties for certain of its products. These warranties generally extend for a period of one year from the date of sale. A liability for expected warranty costs is accrued at the time that the related revenue is recognized. In estimating the warranty liability, historical experience is considered.

Shipping and Handling Costs

Shipping and handling costs are included in "Selling, general and administrative" in the consolidated statements of income. Shipping and handling costs amounted to ¥79,901 million ($499,381 thousand) and ¥79,673 million for the years ended March 31, 2026 and 2025, respectively.

2. Summary of Significant Accounting Policies (continued)

Advertising Costs

Advertising costs are expensed as incurred and included in "Selling, general and administrative" in the consolidated statements of income. Advertising costs amounted to ¥28,625 million ($178,906 thousand) and ¥28,335 million for the years ended March 31, 2026 and 2025, respectively.

Borrowing Costs

In accordance with ASC 835, borrowing costs incurred in connection with the acquisition of qualifying assets are capitalized in the consolidated financial statements. The borrowing costs capitalized amounted to ¥6,323 million ($39,519 thousand) for the year ended March 31, 2026. All other borrowing costs are recognized as expenses in the period in which they are incurred.

There were no borrowing costs capitalized for the year ended March 31, 2025.

Income Taxes

Income taxes have been provided using the asset and liability method in accordance with ASC 740.

Deferred tax assets and liabilities are determined based on the differences between the financial reporting and the tax bases of assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse. A valuation allowance is recognized to reduce the deferred tax assets to the amount that is considered more likely than not to be realized.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities in accordance with ASC 740. Recognized tax positions are measured at the largest amount of benefit which is more likely than not to be realized upon ultimate settlement with the taxing authority.

Consumption Taxes

Revenues, costs and expenses in the consolidated statements of income do not include consumption taxes.

2. Summary of Significant Accounting Policies (continued)

Derivative Financial Instruments

The Company recognizes all derivative financial instruments, such as forward foreign exchange contracts, currency swap contracts and commodity swaps contracts in the consolidated financial statements at fair value regardless of the purpose or intent for holding the instrument. Generally, changes in fair values of derivatives accounted for as fair value hedges are recorded in earnings along with the portions of the changes in the fair values of the hedged items that relate to the hedged risks. Changes in fair values of derivatives accounted for as cash flow hedges, to the extent they are effective as hedges, are recorded in accumulated other comprehensive income, net of deferred taxes and reclassified to earnings in the period when the gain or loss associated with the hedged item was recorded. Changes in fair values of derivatives, which are not designated or qualified as hedges, are reported in earnings, immediately.

Net Income Attributable to FUJIFILM Holdings per Share

Basic net income attributable to FUJIFILM Holdings per share is calculated based on the weighted average number of shares of common stock outstanding during the year. Diluted net income attributable to FUJIFILM Holdings per share is adjusted for the effect of dilutive common stocks to be additionally issued when stock options are exercised or performance share units are delivered.

Share-Based Remuneration

The Company measures and recognizes share-based compensation cost based on fair value on the grant date and monetary-based compensation cost based on fair value as of the fiscal year-end date, in accordance with ASC 718.

Subsequent Events

The Company evaluated all subsequent events through June 24, 2026, the date on which the consolidated financial statements are available to be issued in accordance with ASC 855.

Reclassifications

Certain reclassifications to the prior year’s consolidated financial statements have been made to conform with current year presentation.

2. Summary of Significant Accounting Policies (continued)

Accounting Standards Adopted in the Year Ended March 31, 2026

In December 2023, FASB issued ASU No. 2023-09, "Improvements to Income Tax Disclosures" ("ASU 2023-09"). ASU 2023-09 requires to provide disclosures of specific categories in the rate reconciliation, income taxes paid disaggregated by domestic and foreign, income from continuing operations before income tax expense disaggregated by domestic and foreign, and income tax expense from continuing operations disaggregated by domestic and foreign. ASU 2023-09 is effective for annual reporting periods beginning after December 15, 2024. The Company has adopted ASU 2023-09 from the year beginning April 1, 2025. There is no impact that the adoption of ASU 2023-09 has on the Company's financial position and results of operations since ASU 2023-09 is related to disclosure.

New Accounting Standards to be Adopted

In November 2024, FASB issued ASU No. 2024-03, "Disaggregation of Income Statement Expenses" ("ASU 2024-03"). ASU 2024-03 requires to disclose in a tabular format in the notes to financial statements, disaggregated information about specific categories underlying certain income statement expense line items that contain any of the following five costs or expenses: purchases of inventory, employee compensation, depreciation, intangible asset amortization, and depletion. Specified expenses, gains, or losses that require disclosure under existing US GAAP, need to be presented in the same tabular disclosure as separate items. ASU 2024-03 also requires to disclose a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively. In addition, ASU 2024-03 requires to disclose the total amount of selling expenses recognized in continuing operations, and in annual reporting periods, an entity's definition of selling expenses. ASU 2024-03 is effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027. The Company is currently evaluating the impact that the adoption of ASU 2024-03 will have on its disclosure information. There is no impact that the adoption of ASU 2024-03 has on the Company's financial position and results of operations.

3. U.S. Dollar Amounts

Solely for the convenience of the reader and as a matter of arithmetical computation only, the 2026 amounts in the consolidated financial statements have been translated from Japanese yen into U.S. dollars at the rate of ¥160 = US$1.00, the approximate exchange rate prevailing on March 31, 2026. The amounts shown in U.S. dollars are not intended to be computed in accordance with US GAAP for the translation of foreign currency amounts. The translation should not be construed as a representation that Japanese yen could be converted into U.S. dollars at this or any other rate.

The U.S. dollar amounts are not included in the consolidated financial statements audited under the Financial Instruments and Exchange Act of Japan and, accordingly, are not covered

by the Independent Auditor's Report included herein.

This note is not presented in the consolidated financial statements originally issued in Japanese. Accordingly, all subsequent notes are numbered one higher than the corresponding notes therein, and references to note numbers in the Independent Auditor's Report included herein have been conformed to the numbering used in these English consolidated financial statements.

4. Investments in Equity Securities

Realized and unrealized gains or losses of equity securities included in "Investment securities" on the consolidated balance sheets as of March 31, 2026 and 2025 are summarized as follows:

	2026	**2025**	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Total gains (losses) of equity securities	**¥ (714)**	¥(3,107)	**$ (4,463)**
Less: Realized gains (losses) on equity securities sold during the period	**(4,281)**	41	**(26,756)**
Unrealized gains (losses) on equity securities held at end of year	**¥(4,995)**	¥(3,066)	**$(31,219)**

Certain non-marketable equity securities without readily determinable fair value are measured at cost, minus impairment, if any, in principle. If an entity identifies observable price changes in orderly transactions for the identical or similar investment of the same issuer, it shall measure the equity security at fair value as of the date that the observable transaction occurred. The carrying amounts of these investments were ¥11,101 million ($69,381 thousand) and ¥15,014 million as of March 31, 2026 and 2025, respectively. The Company did not record significant impairment or other adjustments for the years ended March 31, 2026 and 2025.

5. Lease Accounting for Lessor

Lease income information as lessor for the years ended March 31, 2026 and 2025 is as follows. Lease income is included and presented in "Revenue" in the consolidated statements of income.

	2026	2025	2026
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Sales-type lease income			
Income (loss) recognized on the commencement date	**¥ 9,523**	¥10,619	**$ 59,519**
Interest income from lease receivables	**6,708**	7,192	**41,925**
Total	**16,231**	17,811	**101,444**
Operating lease income	**19,575**	18,974	**122,344**
Variable lease income	**61,820**	60,268	**386,375**

Lease receivables mainly consist of the sales-type lease receivables on the Company's MFPs, printing and copying machines, and other office equipment. The current portion of lease receivables and the portion due after one year are recorded in "Lease receivables" and "Long-term lease receivables" in the consolidated balance sheets, respectively. The components of lease receivables as of March 31, 2026 and 2025 are as follows:

	2026	2025	2026
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Lease receivables, gross	**¥ 91,463**	¥ 90,250	**$571,644**
Unearned income	**(10,532)**	(10,005)	**(65,825)**
Allowance for credit losses	**(1,990)**	(2,546)	**(12,438)**
Lease receivables, net	**¥ 78,941**	¥ 77,699	**$493,381**

5. Lease Accounting for Lessor (continued)

The minimum lease payments receivable under the sales-type leases and operating leases for the next five years and thereafter as of March 31, 2026 are summarized as follows:

	Sales-type leases	Operating leases
	(Millions of yen)	
Year ending March 31		
2027	**¥36,188**	**¥ 21,343**
2028	**24,617**	**17,702**
2029	**16,440**	**14,885**
2030	**9,594**	**12,760**
2031	**3,695**	**9,659**
2032 and thereafter	**929**	**42,335**
Total minimum lease payments receivable	**¥91,463**	**¥118,684**

	Sales-type leases	Operating leases
	(Thousands of U.S. dollars) (Note 3)	
Year ending March 31		
2027	**$226,175**	**$133,394**
2028	**153,856**	**110,637**
2029	**102,750**	**93,031**
2030	**59,963**	**79,750**
2031	**23,094**	**60,369**
2032 and thereafter	**5,806**	**264,594**
Total minimum lease payments receivable	**$571,644**	**$741,775**

6. Lease Accounting for Lessee

Consolidated statements of income information related to leases is as follows. Lease cost is primarily included in "Cost of sales" and "Selling, general and administrative" in the consolidated statements of income.

	2026	**2025**	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Operating lease cost	**¥ 40,946**	¥ 36,187	**$ 255,913**
Short-term lease cost	**6,697**	5,771	**41,856**

Supplemental balance sheet information related to leases is as follows.

	2026	**2025**	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Finance lease right-of-use assets			
Property, plant and equipment (cost)	**¥ 8,080**	¥ 6,905	**$ 50,500**
Accumulated depreciation	**(3,969)**	(3,629)	**(24,806)**
Property, plant and equipment (carrying amount)	**4,111**	3,276	**25,694**
Finance lease liabilities			
Short-term debt	**2,453**	2,172	**15,332**
Long-term debt	**6,869**	5,460	**42,931**
Total finance lease liabilities	**9,322**	7,632	**58,263**

Operating cash flows from operating leases for the years ended March 31, 2026 and 2025 amounted to ¥41,334 million ($258,338 thousand) and ¥36,067 million, respectively. Operating lease right-of-use assets acquired in exchange for lease liabilities amounted to ¥47,166 million ($294,788 thousand) and ¥68,566 million, and those reduced in exchange for lease liabilities due to cancellations amounted to ¥4,931 million ($30,819 thousand) and ¥18,862 million, for the years ended March 31, 2026 and 2025, respectively.

6. Lease Accounting for Lessee (continued)

Other information related to leases is as follows.

	2026	2025
Weighted average remaining lease term		
Finance leases	**5 years**	5 years
Operating leases	**5 years**	6 years
Weighted average discount rate		
Finance leases	**1.76%**	1.50%
Operating leases	**1.49%**	1.06%

Future minimum lease payments payable under finance leases and operating leases by year as of March 31, 2026 are summarized as follows:

	Finance leases	Operating leases
	(Millions of yen)	
Year ending March 31		
2027	**¥ 2,530**	**¥ 39,384**
2028	**2,092**	**27,813**
2029	**1,767**	**18,978**
2030	**1,387**	**14,720**
2031	**795**	**9,542**
2032 and thereafter	**964**	**29,202**
Total lease payments	**9,535**	**139,638**
Less: Imputed interest	**(213)**	**(7,572)**
Total	**¥ 9,322**	**¥ 132,066**

	Finance leases	Operating leases
	(Thousands of U.S. dollars) (Note 3)	
Year ending March 31		
2027	**$ 15,812**	**$ 246,149**
2028	**13,075**	**173,830**
2029	**11,044**	**118,611**
2030	**8,669**	**91,999**
2031	**4,969**	**59,637**
2032 and thereafter	**6,025**	**182,512**
Total lease payments	**59,594**	**872,738**
Less: Imputed interest	**(1,331)**	**(47,325)**
Total	**$ 58,263**	**$ 825,413**

7. Inventories

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

	2026	2025	2026
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Finished goods	**¥306,520**	¥282,491	**$1,915,750**
Work in process	**78,196**	67,048	**488,725**
Raw materials and supplies	**216,080**	194,437	**1,350,500**
Total	**¥600,796**	¥543,976	**$3,754,975**

8. Investments in Affiliated Companies

Investments in affiliated companies accounted for using the equity method amounted to ¥20,598 million ($128,738 thousand) and ¥19,744 million as of March 31, 2026 and 2025, respectively. The differences between the carrying amounts of the investments in affiliated companies and the Company's shares in the underlying equities of such affiliated companies were not material. These affiliated companies operate businesses in the Healthcare, Electronics, Business Innovation, and Imaging segments.

Some affiliated companies are listed on the stock market. The carrying amounts and market values of investments in these affiliated companies as of March 31, 2026 were ¥7,511 million ($46,944 thousand) and ¥6,787 million ($42,419 thousand), respectively. As of March 31, 2025, those amounted to ¥7,420 million and ¥7,062 million, respectively.

The combined financial positions of the Company's affiliated companies accounted for using the equity method as of March 31, 2026 and 2025 are summarized as follows. There were no individually material affiliated companies for the years ended March 31, 2026 and 2025.

	2026	2025	2026
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Current assets	**¥ 86,054**	¥ 80,339	**$537,837**
Non-current assets	**42,454**	47,341	**265,338**
Total assets	**¥128,508**	¥127,680	**$803,175**
Current liabilities	**¥ 34,786**	¥ 28,714	**$217,413**
Non-current liabilities	**45,149**	53,973	**282,181**
Equity	**48,573**	44,993	**303,581**
Total liabilities and equity	**¥128,508**	¥127,680	**$803,175**

8. Investments in Affiliated Companies (continued)

The combined results of operations of the Company's affiliated companies accounted for using the equity method for the years ended March 31, 2026 and 2025 are summarized as follows:

	2026	2025	2026
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Revenue	**¥127,361**	¥114,484	**$796,006**
Net income	**4,557**	546	**28,481**

Transactions with the Company's affiliated companies for the years ended March 31, 2026 and 2025 are summarized as follows:

	2026	2025	2026
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Revenue	**¥21,147**	¥21,171	**$132,169**
Purchases	**10,231**	9,931	**63,944**
Dividends received	**934**	536	**5,838**

9. Goodwill and Other Intangible Assets

The changes in goodwill by operating segment for the years ended March 31, 2026 and 2025 are as follows.

	Healthcare	Electronics	Business Innovation	Total
		(Millions of yen)		
As of April 1, 2024	¥374,323	¥285,050	¥294,462	¥953,835
Acquired	–	–	2,206	2,206
Other	(2,333)	(2,505)	(3,279)	(8,117)
As of March 31, 2025	**¥371,990**	**¥282,545**	**¥293,389**	**¥947,924**
Acquired	**1,692**	–	**2,421**	**4,113**
Other	**16,328**	**12,645**	**16,058**	**45,031**
As of March 31, 2026	**¥390,010**	**¥295,190**	**¥311,868**	**¥997,068**

9. Goodwill and Other Intangible Assets (continued)

	Healthcare	Electronics	Business Innovation	Total
		(Thousands of U.S. dollars)		
		(Note 3)		
As of March 31, 2025	**$2,324,938**	**$1,765,906**	**$1,833,681**	**$5,924,525**
Acquired	**10,575**	**–**	**15,131**	**25,706**
Other	**102,050**	**79,031**	**100,363**	**281,444**
As of March 31, 2026	**$2,437,563**	**$1,844,937**	**$1,949,175**	**$6,231,675**

Other includes foreign currency translation adjustments and adjustments for allocation of purchase price related to acquisitions.

Information for the year ended March 31, 2025 was prepared using the classification method after changes to the operating segments. The summary of the changes is described in Note 24 “Segment Information”.

There was no goodwill recognized in the Imaging segment for the years ended March 31, 2026 and 2025.

Other intangible assets subject to amortization as of March 31, 2026 and 2025 are as follows:

	2026		
	Gross carrying amount	Accumulated amortization	Net carrying amount
		(Millions of yen)	
Technology-based	**¥ 41,186**	**¥ 25,273**	**¥ 15,913**
Customer-related	**184,958**	**65,585**	**119,373**
Other	**36,930**	**25,597**	**11,333**
Total	**¥263,074**	**¥116,455**	**¥146,619**

	2025		
	Gross carrying amount	Accumulated amortization	Net carrying amount
		(Millions of yen)	
Technology-based	¥ 61,461	¥ 42,361	¥ 19,100
Customer-related	174,658	53,546	121,112
Other	35,158	22,308	12,850
Total	¥271,277	¥118,215	¥153,062

9. Goodwill and Other Intangible Assets (continued)

	2026		
	Gross carrying amount	**Accumulated amortization**	**Net carrying amount**
	(Thousands of U.S. dollars) (Note 3)		
Technology-based	**$ 257,412**	**$157,956**	**$ 99,456**
Customer-related	**1,155,988**	**409,907**	**746,081**
Other	**230,813**	**159,981**	**70,832**
Total	**$1,644,213**	**$727,844**	**$916,369**

The aggregate amortization expenses for other intangible assets for the years ended March 31, 2026 and 2025 were ¥16,119 million ($100,744 thousand) and ¥18,604 million, respectively.

Other intangible assets not subjected to amortization were not material as of March 31, 2026 and 2025.

The estimated aggregate amortization expenses for other intangible assets subject to amortization for the next five years are as follows:

	(Millions of yen)	*(Thousands of U.S. dollars) (Note 3)*
Year ending March 31		
2027	**¥16,508**	**$103,175**
2028	**14,583**	**91,144**
2029	**14,063**	**87,894**
2030	**13,527**	**84,544**
2031	**12,214**	**76,338**

10. Short-term and Long-term Debt

Short-term debt

Short-term debt as of March 31, 2026 and 2025 consisted of the following:

	2026	2025	2026
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Short-term debt	**¥250,457**	¥ 97,926	**$1,565,356**
Commercial papers	–	50,000	–
Current portion of long-term debt	**37,456**	67,177	**234,100**
Total	**¥287,913**	¥215,103	**$1,799,456**

The weighted average interest rates per annum on short-term debt and commercial papers outstanding as of March 31, 2026 and 2025 were 0.83% and 0.57%, respectively. Short-term debt is unsecured.

Long-term debt

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

	2026	2025	2026
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Unsecured loans, principally from banks and insurance companies:			
Due from the year ending March 31, 2027 to the year ending March 31, 2034 with interest rates ranging from 0.300% to 1.807% as of March 31, 2026	**¥245,165**	¥175,342	**$1,532,281**
Due from the year ended March 31, 2026 to the year ending March 31, 2034 with interest rates ranging from 0.300% to 6.200% as of March 31, 2025			

10. Short-term and Long-term Debt (continued)

	2026	2025	2026
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Unsecured Japanese yen bonds:			
0.100% yen bonds, due the year ended March 31, 2026	**¥ –**	¥ 40,000	**$ –**
0.240% yen bonds, due the year ended March 31, 2026	**–**	25,000	**–**
0.250% yen bonds, due the year ending March 31, 2027	**10,000**	10,000	**62,500**
0.195% yen bonds, due the year ending March 31, 2028	**40,000**	40,000	**250,000**
0.633% yen bonds, due the year ending March 31, 2028	**70,000**	70,000	**437,500**
1.107% yen bonds, due the year ending March 31, 2029	**50,000**	–	**312,500**
0.304% yen bonds, due the year ending March 31, 2030	**20,000**	20,000	**125,000**
0.838% yen bonds, due the year ending March 31, 2030	**80,000**	80,000	**500,000**
1.294% yen bonds, due the year ending March 31, 2031	**40,000**	–	**250,000**
1.039% yen bonds, due the year ending March 31, 2032	**20,000**	20,000	**125,000**
0.374% yen bonds, due the year ending March 31, 2033	**20,000**	20,000	**125,000**
1.386% yen bonds, due the year ending March 31, 2035	**30,000**	30,000	**187,500**
1.837% yen bonds, due the year ending March 31, 2036	**10,000**	–	**62,500**
Other	**9,325**	7,640	**58,282**
	644,490	537,982	**4,028,063**
Less: Portion due within one year	**(37,456)**	(67,177)	**(234,100)**
Balance	**¥607,034**	¥470,805	**$3,793,963**

The aggregate annual maturities of long-term debt for the next five years are as follows:

	(Millions of yen)	*(Thousands of U.S. dollars) (Note 3)*
Year ending March 31		
2027	**¥ 37,456**	**$234,100**
2028	**112,035**	**700,219**
2029	**91,725**	**573,281**
2030	**101,363**	**633,519**
2031	**90,781**	**567,381**

Certain bank loans are made under general agreements which provide that security and guarantees for present and future indebtedness will be provided upon request of the bank, and that the bank shall have the right to offset cash deposits against obligations that have become due or, in the event of default, against all obligations due to the bank.

11. Pension and Severance Plans

Most employees of domestic subsidiaries of the Company who terminate their employment are entitled, under most circumstances, to lump-sum payments and/or pension payments calculated by reference to points earned during their service period.

Certain subsidiaries have funded non-contributory defined benefit pension plans whose assets are maintained at trust banks and insurance companies. The funding policy for defined benefit pension plans is to make actuarially determined contributions to provide the plans with sufficient assets to meet future benefit payment requirements. Also, certain subsidiaries have defined contribution pension plans. The funding policy for such plans is to contribute annually an amount equal to a certain percentage of the participants' annual salary.

The amounts of net periodic benefit cost for the defined contribution pension plans were ¥24,721 million ($154,506 thousand) and ¥23,171 million for the years ended March 31, 2026 and 2025, respectively.

Components of Net Periodic Benefit Cost

Components of net periodic benefit cost for the defined benefit pension plans for the years ended March 31, 2026 and 2025 are as follows. Service cost is included in cost of sales and operating expenses in the consolidated statements of income, and components other than the service cost are included in other income (expenses).

	2026	**2025**	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Components of net periodic benefit cost:			
Service cost	**¥ 13,374**	¥ 15,347	**$ 83,587**
Interest cost	**17,178**	14,698	**107,363**
Expected return on plan assets	**(24,736)**	(25,070)	**(154,600)**
Amortization of net actuarial loss	**716**	1,067	**4,475**
Amortization of prior service credit	**(1,519)**	(2,201)	**(9,494)**
Net periodic benefit cost	**¥ 5,013**	¥ 3,841	**$ 31,331**

11. Pension and Severance Plans (continued)

Components of Net Periodic Benefit Cost (continued)

Other changes in plan assets and benefit obligations recognized in accumulated other comprehensive income (loss) for the years ended March 31, 2026 and 2025 are summarized as follows:

	2026	**2025**	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Current year actuarial (gain) loss	**¥(62,931)**	¥(33,446)	**$(393,319)**
Amortization of actuarial loss	**(716)**	(1,067)	**(4,475)**
Prior service credit due to revision	**67**	130	**419**
Amortization of prior service credit	**1,519**	2,201	**9,494**
Total	**¥(62,061)**	¥(32,182)	**$(387,881)**

11. Pension and Severance Plans (continued)

Obligations and Funded Status

Reconciliation of the beginning and ending balances of the projected benefit obligation and the fair value of the plan assets and the funded status of the defined benefit pension plans for the years ended March 31, 2026 and 2025 are summarized as follows:

	2026	2025	2026
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Changes in projected benefit obligation:			
Projected benefit obligation at beginning of year	**¥705,817**	¥766,414	**$4,411,356**
Service cost	**13,374**	15,347	**83,587**
Interest cost	**17,178**	14,698	**107,363**
Plan participants' contributions	**732**	687	**4,575**
Actuarial (gain) loss	**(38,668)**	(48,799)	**(241,675)**
Benefits paid	**(40,656)**	(40,864)	**(254,100)**
Plan revision	**67**	130	**419**
Foreign currency translation	**19,135**	(1,796)	**119,594**
Projected benefit obligation at end of year	**676,979**	705,817	**4,231,119**
Changes in plan assets:			
Fair value of plan assets at beginning of year	**902,056**	919,515	**5,637,850**
Actual return on plan assets	**48,999**	9,717	**306,244**
Employers' contributions	**11,019**	11,242	**68,869**
Plan participants' contributions	**732**	687	**4,575**
Benefits paid	**(39,033)**	(38,470)	**(243,956)**
Foreign currency translation	**20,769**	(635)	**129,806**
Fair value of plan assets at end of year	**944,542**	902,056	**5,903,388**
Funded status	**¥267,563**	¥196,239	**$1,672,269**

11. Pension and Severance Plans (continued)

Obligations and Funded Status (continued)

Amounts recognized in the consolidated balance sheets related to the defined benefit pension plans as of March 31, 2026 and 2025 are as follows:

	2026	2025	2026
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Other assets	**¥296,473**	¥225,406	**$1,852,956**
Accrued liabilities	**(1,224)**	(1,022)	**(7,650)**
Accrued pension and severance costs	**(25,515)**	(25,368)	**(159,469)**
Other non-current liabilities	**(2,171)**	(2,777)	**(13,568)**
Net amount recognized	**¥267,563**	¥196,239	**$1,672,269**

Amounts recognized in accumulated other comprehensive income (loss) related to the defined benefit pension plans as of March 31, 2026 and 2025 are as follows:

	2026	2025	2026
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Net actuarial (loss) gain	**¥(36,793)**	¥26,854	**$(229,956)**
Prior service credit	**(6,755)**	(8,341)	**(42,219)**
Total	**¥(43,548)**	¥18,513	**$(272,175)**

The accumulated benefit obligation for the defined benefit pension plans amounted to ¥675,274 million ($4,220,463 thousand) and ¥702,444 million as of March 31, 2026 and 2025, respectively.

The aggregate projected benefit obligation and aggregate fair value of plan assets for the pension plans where the projected benefit obligation exceeded the plan assets, and the aggregate accumulated benefit obligation and aggregate fair value of plan assets where accumulated benefit obligation exceeded plan assets as of March 31, 2026 and 2025 are as follows:

11. Pension and Severance Plans (continued)

Obligations and Funded Status (continued)

	2026	2025	2026
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Plans with projected benefit obligation in excess of plan assets:			
Projected benefit obligation	**¥94,013**	¥85,667	**$587,581**
Fair value of plan assets	**65,103**	56,500	**406,894**
Plans with accumulated benefit obligation in excess of plan assets:			
Accumulated benefit obligation	**91,511**	84,652	**571,944**
Fair value of plan assets	**65,103**	56,500	**406,894**

Assumptions

The weighted average assumptions used to determine the benefit obligation as of March 31, 2026 and 2025 are as follows: Rate of compensation increase is not presented because most of the retirement benefit plans' benefit formulas are not based on compensation levels and therefore the rate of compensation increase does not materially impact the calculation of the benefit obligation.

	2026	2025
Discount rate	**3.29%**	2.60%
Interest crediting rate for cash balance plans and other plans	**2.22%**	2.21%

The weighted average assumptions used to determine the net periodic benefit cost for the years ended March 31, 2026 and 2025 are as follows: Rate of compensation increase is not presented because most of the retirement benefit plans' benefit formulas are not based on compensation levels and therefore the rate of compensation increase does not materially impact the calculation of the net periodic benefit cost.

	2026	2025
Discount rate	**2.60%**	1.84%
Expected long-term rate of return on plan assets	**2.74%**	2.79%
Interest crediting rate for cash balance plans and other plans	**2.21%**	2.21%

The expected long-term rate of return on plan assets is based on the expected long-term return by asset category and historical performance by portfolio.

11. Pension and Severance Plans (continued)

Plan Assets

The Company's investment objectives are to earn sufficient long-term returns with an acceptable level of risk, while maintaining adequate funding levels for pension payments and/or lump sum payments.

The fundamental principle of the Company's investment policy is to pursue efficient returns while minimizing risks through diversified investment. The Company designs a basic asset allocation model to provide a mix of assets best suited for mid and long-term returns and verifies that model periodically for effectiveness. When conditions have changed from when the model was initially designed, the Company reconsiders the basic asset allocation, if necessary. On the operational side, the Company conducts discretionary investment within the scope of the predetermined range of tolerance, considering short-term market conditions.

Targeted allocation ratios for equity securities, debt securities, general accounts of life insurance companies and alternative investments are 18%, 37% (7% domestic and 30% foreign), 20% and 25%, respectively. Alternative investments primarily consist of hedge funds and real estate.

Equity securities consist principally of stocks that are listed on securities exchanges and have been selected based on thorough analysis of investees' businesses, their potential for future growth and other appropriate factors while ensuring that industries in which the investees operate are appropriately diversified. Debt securities consist principally of government and other public debt, and corporate debt which have been selected based on thorough analysis of issuers and the terms and conditions of those securities including investment grades, interest rates, maturity dates, financial position of issuers and other factors so that maturity dates and issuers are appropriately diversified. Pooled funds have been selected for investment using the same strategies as those for equity and debt securities described above. The Company has selected general accounts of life insurance companies, for which life insurance companies have guaranteed anticipated interest rates and return of capital, based on thorough analysis of issuers' investment grades and other factors so that the investments are appropriately diversified. Regarding foreign investments, the Company has selected the countries and currencies in which the Company invests in based on thorough analysis of the political and economic stability in those countries, the market characteristics, such as settlement systems and taxation systems, and other factors so that the investments are appropriately diversified. Alternative investments consist principally of hedge funds and real estate, which were intended to hedge the risk of traditional assets and establish ongoing returns that are less sensitive to market trends. The Company has selected alternative investments based on thorough analysis of the nature of risks and returns which are completely different from those of traditional assets so that the investment techniques and asset management companies are appropriately diversified.

11. Pension and Severance Plans (continued)

Plan Assets (continued)

The fair value hierarchy that prioritizes the inputs used in valuation techniques is described in Note 20 “Fair Value Measurement”. The fair value hierarchy of plan assets as of March 31, 2026 and 2025 are as follows:

	2026				
	Level 1	Level 2	Level 3	NAV (Note 1)	Total
	(Millions of yen)				
Cash and cash equivalents, and Short-term receivables (Note 2)	**¥ 11,899**	**¥ 9,809**	**¥ –**	**¥ –**	**¥ 21,708**
Equity securities					
Domestic companies securities	**1,999**	**2,312**	**–**	**–**	**4,311**
Foreign companies securities	**17,888**	**26,421**	**–**	**–**	**44,309**
Securities investment trust	**630**	**–**	**–**	**–**	**630**
Pooled funds (Note 3)	**–**	**–**	**–**	**139,855**	**139,855**
Debt securities					
Government bonds (Note 4)	**7,768**	**4,250**	**–**	**–**	**12,018**
Corporate bonds (Note 5)	**–**	**18,806**	**–**	**–**	**18,806**
Pooled funds (Note 6)	**–**	**–**	**–**	**279,357**	**279,357**
General accounts of life insurance companies	**–**	**224,895**	**–**	**–**	**224,895**
Alternative investments					
Equity securities funds (Note 7)	**–**	**58**	**–**	**257**	**315**
Debt securities funds (Note 8)	**–**	**–**	**–**	**3,664**	**3,664**
Other funds (Note 9)	**–**	**12,393**	**13,609**	**88,519**	**114,521**
Real estate (Note 10)	**–**	**208**	**8,430**	**71,515**	**80,153**
Total	**¥40,184**	**¥299,152**	**¥22,039**	**¥583,167**	**¥944,542**

11. Pension and Severance Plans (continued)

Plan Assets (continued)

	2025				
	Level 1	Level 2	Level 3	NAV (Note 1)	Total
	(Millions of yen)				
Cash and cash equivalents, and Short-term receivables (Note 2)	¥ 9,413	¥ 9,696	¥ –	¥ –	¥ 19,109
Equity securities					
Domestic companies securities	6,928	1,565	–	–	8,493
Foreign companies securities	12,455	17,648	–	–	30,103
Securities investment trust	648	–	–	–	648
Pooled funds (Note 3)	–	5	–	125,919	125,924
Debt securities					
Government bonds (Note 4)	7,058	5,029	–	–	12,087
Corporate bonds (Note 5)	3	21,226	–	–	21,229
Pooled funds (Note 6)	–	–	–	241,822	241,822
General accounts of life insurance companies	–	223,827	–	–	223,827
Alternative investments					
Equity securities funds (Note 7)	–	–	–	252	252
Debt securities funds (Note 8)	3,467	26,424	–	2,562	32,453
Other funds (Note 9)	3,761	10,724	11,317	87,486	113,288
Real estate (Note 10)	23	313	5,223	67,262	72,821
Total	¥43,756	¥316,457	¥16,540	¥525,303	¥902,056

11. Pension and Severance Plans (continued)

Plan Assets (continued)

	2026				
	Level 1	Level 2	Level 3	NAV (Note 1)	Total
	(Thousands of U.S. dollars)				
	(Note 3)				
Cash and cash equivalents, and Short-term receivables (Note 2)	**$ 74,369**	**$ 61,306**	**$ –**	**$ –**	**$ 135,675**
Equity securities					
Domestic companies securities	**12,494**	**14,450**	**–**	**–**	**26,944**
Foreign companies securities	**111,800**	**165,131**	**–**	**–**	**276,931**
Securities investment trust	**3,938**	**–**	**–**	**–**	**3,938**
Pooled funds (Note 3)	**–**	**–**	**–**	**874,094**	**874,094**
Debt securities					
Government bonds (Note 4)	**48,549**	**26,563**	**–**	**–**	**75,112**
Corporate bonds (Note 5)	**–**	**117,538**	**–**	**–**	**117,538**
Pooled funds (Note 6)	**–**	**–**	**–**	**1,745,981**	**1,745,981**
General accounts of life insurance companies	**–**	**1,405,594**	**–**	**–**	**1,405,594**
Alternative investments					
Equity securities funds (Note 7)	**–**	**363**	**–**	**1,606**	**1,969**
Debt securities funds (Note 8)	**–**	**–**	**–**	**22,900**	**22,900**
Other funds (Note 9)	**–**	**77,456**	**85,056**	**553,244**	**715,756**
Real estate (Note 10)	**–**	**1,299**	**52,688**	**446,969**	**500,956**
Total	**$251,150**	**$1,869,700**	**$137,744**	**$3,644,794**	**$5,903,388**

(Note 1) Certain assets that are measured at fair value using net asset value ("NAV") per share applied by practical expedient have not been classified in the fair value hierarchy.

(Note 2) Short-term receivables include cash at bank held in the loan account of pooled funds, negotiable certificates of deposit and call loans, which are classified as Level 2.

(Note 3) Pooled funds of equity securities consist of 6% and 12% domestic companies and 94% and 88% foreign companies as of March 31, 2026 and 2025, respectively.

(Note 4) This category consists of 69% and 65% Japanese government bonds and 31% and 35% foreign government bonds as of March 31, 2026 and 2025, respectively.

11. Pension and Severance Plans (continued)

Plan Assets (continued)

(Note 5) This category consists of 10% and 17% domestic corporate bonds and 90% and 83% foreign corporate bonds as of March 31, 2026 and 2025, respectively.

(Note 6) Pooled funds of debt securities consist of 9% and 10% Japanese government bonds, government agency and municipal securities, 63% and 64% foreign government bonds, 2% and 1% domestic corporate bonds and 26% and 25% foreign corporate bonds as of March 31, 2026 and 2025, respectively.

(Note 7) Equity securities funds invest principally in domestic companies' securities.

(Note 8) Debt securities funds invest principally in foreign government bonds and foreign currencies.

(Note 9) Other funds include managed futures which principally invest in listed futures and fund of hedge funds whose investments are diversified with a combination of various products and investment techniques.

(Note 10) Real estate includes principally domestic real estate funds whose investment policy is to generate stable rental income and capital gains from sales on real estate.

11. Pension and Severance Plans (continued)

Plan Assets (continued)

Plan assets classified as Level 1 include principally cash and cash equivalents, government bonds and listed stocks, which were valued using unadjusted quoted prices in active markets for identical assets. Plan assets classified as Level 2 include principally government agency securities, municipal bonds, corporate bonds, general accounts of life insurance companies and certain alternative investments. Government agency securities, municipal bonds and corporate bonds were valued using directly or indirectly observable inputs in non-active markets. Pooled funds and certain alternative investments were valued using inputs that were corroborated by observable market data obtained from financial institutions or third parties. General accounts of life insurance companies were valued at conversion value. Plan assets classified as Level 3 include principally alternative investments, consisting of hedge funds and real estate, which were valued using unobservable inputs that were significant to the measurement of their value.

Reconciliation of the beginning and ending balances for assets classified as Level 3 for the years ended March 31, 2026 and 2025 is as follows:

	2026				
	Balance at beginning of year	**Actual returns on assets held at end of year**	**Purchase/ sales**	**Currency translation**	**Balance at end of year**
			(Millions of yen)		
Alternative investments					
Other funds	**¥11,317**	**¥1,872**	**¥ 360**	**¥ 60**	**¥13,609**
Real estate	**5,223**	**42**	**2,672**	**493**	**8,430**
Total	**¥16,540**	**¥1,914**	**¥3,032**	**¥553**	**¥22,039**

	2025				
	Balance at beginning of year	**Actual returns on assets held at end of year**	**Purchase/ sales**	**Currency translation**	**Balance at end of year**
			(Millions of yen)		
Alternative investments					
Other funds	¥ 9,714	¥ 965	¥634	¥ 4	¥11,317
Real estate	5,018	125	129	(49)	5,223
Total	¥14,732	¥1,090	¥763	¥(45)	¥16,540

11. Pension and Severance Plans (continued)

Plan Assets (continued)

	2026				
	Balance at beginning of year	**Actual returns on assets held at end of year**	**Purchase/ sales**	**Currency translation**	**Balance at end of year**
	(Thousands of U.S. dollars) (Note 3)				
Alternative investments					
Other funds	**$ 70,731**	**$11,700**	**$ 2,250**	**$ 375**	**$ 85,056**
Real estate	**32,644**	**263**	**16,700**	**3,081**	**52,688**
Total	**$103,375**	**$11,963**	**$18,950**	**$3,456**	**$137,744**

Contribution

The Company expects to contribute approximately ¥12,991 million ($81,194 thousand) to the defined benefit pension plans for the year ending March 31, 2027.

Estimated Future Benefit Payments

The expected benefit payments, which reflect estimated future service, are summarized as follows:

	(Millions of yen)	*(Thousands of U.S. dollars) (Note 3)*
Year ending March 31		
2027	**¥ 41,430**	**$ 258,938**
2028	**41,656**	**260,350**
2029	**41,926**	**262,038**
2030	**40,951**	**255,944**
2031	**40,359**	**252,244**
2032 through 2036	**201,071**	**1,256,694**

12. Income Taxes

Income taxes applicable to the Company and its domestic subsidiaries comprise corporation, inhabitant and enterprise taxes which, in the aggregate, resulted in a statutory tax rate of 30.6% for the years ended March 31, 2026 and 2025.

Following the enactment of the "Act for Partial Revision of the Income Tax Act, etc." (Act No. 13 of 2025) by the Japanese Diet on March 31, 2025, a "Special Corporation Tax for National Defense" will be imposed from the year beginning on or after April 1, 2026. Accordingly, the statutory tax rate has been changed from 30.6% to 31.5% for the calculation of deferred tax assets and liabilities related to temporary differences expected to be eliminated in the years beginning on or after April 1, 2026. The adjustment of deferred tax assets and liabilities due to this tax rate change amounted to ¥2,770 million and is included in "Deferred income taxes" in the consolidated statement of income for the year ended March 31, 2025.

Reconciliation of the differences between the statutory tax rates and the effective tax rates reflected in the consolidated statements of income for the years ended March 31, 2026 and 2025 is as follows:

	2026		
	(Millions of yen)	*(%)*	*(Thousands of U.S. dollars) (Note 3)*
Statutory tax rates (national taxes)	**¥90,411**	**24.7**	**$565,069**
Increase (decrease) in income taxes resulting from:			
Domestic			
Local taxes	**13,303**	**3.6**	**83,144**
Differences other than temporary differences, etc.	**1,192**	**0.3**	**7,450**
Deferred tax liabilities on undistributed earnings	**599**	**0.2**	**3,744**
Tax credits			
Research and development credits	**(14,541)**	**(4.0)**	**(90,881)**
Other tax credits	**(3,814)**	**(1.0)**	**(23,838)**
Net change in valuation allowances	**1,908**	**0.5**	**11,925**
Other	**4,193**	**1.1**	**26,206**
Foreign	**(1,990)**	**(0.5)**	**(12,438)**
Effective tax rates	**¥91,261**	**24.9**	**$570,381**

12. Income Taxes (continued)

	2025
	(%)
Statutory tax rates	30.6
Increase (decrease) in income taxes resulting from:	
Differences other than temporary differences, etc.	0.4
Difference in statutory tax rates of other countries	(2.7)
Deferred tax liabilities on undistributed earnings	0.7
Research and development credits	(3.8)
Net change in valuation allowances	0.9
Change in income tax rate in Japan	0.8
Adjustment of carrying amount of the investment in the subsidiary	(2.8)
Adjustment for unrecognized tax benefits	(0.1)
Other	(1.2)
Effective tax rates	22.8

Income before income taxes by tax jurisdictions for the years ended March 31, 2026 and 2025 are as follows:

	2026	**2025**	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Income before income taxes:			
Domestic	**¥223,956**	¥228,949	**$1,399,725**
Foreign	**142,673**	111,645	**891,706**
Total	**¥366,629**	¥340,594	**$2,291,431**

12. Income Taxes (continued)

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

	2026	
	(Millions of yen)	*(Thousands of U.S. dollars) (Note 3)*
Current:		
Domestic		
National taxes	**¥37,090**	**$231,813**
Local taxes	**14,442**	**90,262**
Foreign	**29,181**	**182,381**
Total current	**80,713**	**504,456**
Deferred:		
Domestic		
National taxes	**5,262**	**32,887**
Local taxes	**1,274**	**7,963**
Foreign	**4,012**	**25,075**
Total deferred	**10,548**	**65,925**
Total	**¥91,261**	**$570,381**

	2025
	(Millions of yen)
Current:	
Domestic	¥36,877
Foreign	44,932
Total current	81,809
Deferred:	
Domestic	7,153
Foreign	(11,367)
Total deferred	(4,214)
Total	¥77,595

Corporation taxes paid for the year ended March 31, 2026 are as follows:

	2026	
	(Millions of yen)	*(Thousands of U.S. dollars) (Note 3)*
Domestic		
National taxes	**¥26,345**	**$164,656**
Local taxes	**6,577**	**41,106**
Foreign		
The United States	**3,807**	**23,794**
The Netherlands	**7,597**	**47,481**
China	**8,595**	**53,719**
Other	**18,441**	**115,257**
Total	**¥71,362**	**$446,013**

12. Income Taxes (continued)

The major components of deferred tax assets and liabilities as of March 31, 2026 and 2025 are as follows:

	2026	2025	2026
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Deferred tax assets:			
Inventories	**¥ 22,878**	¥ 24,067	**$ 142,988**
Depreciation	**32,371**	40,417	**202,319**
Accrued expenses	**44,928**	42,073	**280,800**
Accrued pension and severance costs	**6,727**	8,130	**42,044**
Accrued enterprise taxes	**2,702**	874	**16,887**
Tax loss carryforwards	**61,875**	39,954	**386,719**
Tax credit carryforwards	**16,321**	18,254	**102,006**
Losses on investment securities	**1,514**	298	**9,463**
Allowance for credit losses	**2,182**	2,598	**13,637**
Operating lease liabilities	**35,415**	29,726	**221,344**
Unrealized gains on non-current assets	**7,022**	6,052	**43,888**
Research and development (Costs capitalized for tax purposes)	**19,535**	21,699	**122,094**
Other	**27,852**	17,749	**174,074**
	281,322	251,891	**1,758,263**
Less: Valuation allowances	**(35,271)**	(30,350)	**(220,444)**
Total deferred tax assets	**246,051**	221,541	**1,537,819**
Deferred tax liabilities:			
Depreciation	**62,902**	35,767	**393,138**
Lease receivables	**9,384**	12,919	**58,650**
Taxes on undistributed earnings	**34,993**	28,368	**218,706**
Unrealized gains on available-for-sale securities	**3,263**	6,623	**20,394**
Goodwill	**38,154**	33,997	**238,463**
Accrued pension and severance costs	**89,486**	68,005	**559,288**
Other intangible assets	**43,427**	43,627	**271,418**
Operating lease right-of-use assets	**34,720**	29,146	**217,000**
Other	**16,954**	21,631	**105,962**
Total deferred tax liabilities	**333,283**	280,083	**2,083,019**
Net deferred tax assets (liabilities)	**¥ (87,232)**	¥ (58,542)	**$ (545,200)**

12. Income Taxes (continued)

The valuation allowances relate primarily to the deferred tax assets of certain subsidiaries which have net operating loss carryforwards for tax purposes. The valuation allowances increased by ¥4,921 million ($30,756 thousand) and decreased by ¥2,305 million for the years ended March 31, 2026 and 2025, respectively.

Deferred tax assets and liabilities as of March 31, 2026 and 2025 are included in the consolidated balance sheets as follows:

	2026	**2025**	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Deferred income taxes (other assets)	**¥ 41,210**	¥ 42,895	**$ 257,563**
Deferred income taxes (non-current liabilities)	**(128,442)**	(101,437)	**(802,763)**
Net deferred tax assets (liabilities)	**¥ (87,232)**	¥ (58,542)	**$(545,200)**

As of March 31, 2026, certain subsidiaries have net operating loss carryforwards for income tax purposes of ¥245,003 million ($1,531,269 thousand), of which ¥217,775 million ($1,361,094 thousand) will be carried forward indefinitely, and the remainder of ¥27,228 million ($170,175 thousand) will expire by the year ending March 31, 2038 at the latest. These net operating loss carryforwards are available to offset future taxable income of the subsidiaries.

Deferred tax liabilities have not been recognized on undistributed earnings of its domestic subsidiaries as such earnings, if distributed in the form of dividends, are not taxable under present tax laws.

The Company recognizes tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities. The balance of and changes to unrecognized tax benefits were not material in the years ended March 31, 2026 and 2025. Although the Company believes its estimates and assumptions of unrecognized tax benefits are reasonable, uncertainty regarding the final determination of tax audit settlements could affect the effective tax rate in the future period.

Both interest and penalties accrued as of March 31, 2026 and 2025 in the consolidated balance sheets and included in income taxes for the years ended March 31, 2026 and 2025 in the consolidated statements of income were not material.

12. Income Taxes (continued)

In Japan, tax examinations of the Company and major domestic subsidiaries by the tax authorities for the year ended March 31, 2021 and before have been completed. Tax examinations related to transfer pricing by the tax authorities for the years ended March 31, 2021 and prior have been completed.

In foreign tax jurisdictions, tax examinations of major foreign subsidiaries for the years ended March 31, 2012 and prior have been completed.

13. Equity

The Companies Act of Japan (the "Act") provides that an amount equal to 10% of dividends of surplus shall be appropriated to the additional paid-in capital account or the legal reserve account. The Act also provides that, to the extent that the sum of the additional paid-in capital account and the legal reserve account exceeds 25% of stated capital, the amount of such excess is available for distribution by resolution of the shareholders.

The amount available for distribution under the Act are based on the amount presented in the Company's non-consolidated financial statements, which are prepared in accordance with accounting principles and practices generally accepted in Japan. Under the Act, the amount available for distribution as of March 31, 2026 amounted to ¥902,393 million ($5,639,956 thousand).

The dividends of surplus applicable to the year ended March 31, 2026 have been reflected in the consolidated financial statements, including the amount to be resolved at the Ordinary General Meeting of Shareholders. The dividend to be resolved at the 130th Ordinary General Meeting of Shareholders to be held on June 26, 2026, is recognized based on the initial year-end dividend forecast of ¥35 per share (annual dividend forecast of ¥70 per share).

14. Other Comprehensive Income (Loss)

The changes in each component of accumulated other comprehensive income for the years ended March 31, 2026 and 2025 are as follows:

	Foreign currency translation adjustments	Pension liability adjustments	Unrealized gains (losses) on derivatives	Total
		(Millions of yen)		
As of April 1, 2024	¥465,118	¥(21,497)	¥ (2)	¥443,619
Change in accumulated other comprehensive income	(31,174)	21,079	(317)	(10,412)
Reclassification to net income	–	(444)	284	(160)
Net change	(31,174)	20,635	(33)	(10,572)
As of March 31, 2025	**¥433,944**	**¥ (862)**	**¥ (35)**	**¥433,047**
Change in accumulated other comprehensive income	**262,934**	**42,877**	**(265)**	**305,546**
Reclassification to net income	**(2,724)**	**(2)**	**300**	**(2,426)**
Net change	**260,210**	**42,875**	**35**	**303,120**
As of March 31, 2026	**¥694,154**	**¥ 42,013**	**¥ –**	**¥736,167**

	Foreign currency translation adjustments	Pension liability adjustments	Unrealized gains (losses) on derivatives	Total
		(Thousands of U.S. dollars) (Note 3)		
As of March 31, 2025	**$2,712,151**	**$ (5,388)**	**$ (219)**	**$2,706,544**
Change in accumulated other comprehensive income	**1,643,337**	**267,982**	**(1,656)**	**1,909,663**
Reclassification to net income	**(17,025)**	**(13)**	**1,875**	**(15,163)**
Net change	**1,626,312**	**267,969**	**219**	**1,894,500**
As of March 31, 2026	**$4,338,463**	**$262,581**	**$ –**	**$4,601,044**

14. Other Comprehensive Income (Loss) (continued)

The amounts reclassified out of each component of accumulated other comprehensive income to net income for the years ended March 31, 2026 and 2025 are as follows:

Affected line item in the consolidated statements of income	2026	2025	2026
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Foreign currency translation adjustments			
Selling, general and administrative	**¥2,724**	¥ –	**$17,025**
Net income attributable to FUJIFILM Holdings	**2,724**	–	**17,025**
Pension liability adjustments			
Other, net	**803**	1,134	**5,019**
Income taxes	**(757)**	(649)	**(4,731)**
Net income (loss) attributable to the noncontrolling interests	**(44)**	(41)	**(275)**
Net income attributable to FUJIFILM Holdings	**2**	444	**13**
Unrealized gains (losses) on derivatives			
Foreign exchange gains (losses), net	**(421)**	(420)	**(2,631)**
Income taxes	**121**	136	**756**
Net income attributable to FUJIFILM Holdings	**(300)**	(284)	**(1,875)**
Total	**¥2,426**	¥ 160	**$15,163**

The related tax effects allocated to each component of other comprehensive income, including amounts attributable to noncontrolling interests, for the years ended March 31, 2026 and 2025 are as follows:

14. Other Comprehensive Income (Loss) (continued)

	Before-tax amount	Tax (expense) or benefit	Net-of-tax amount
		(Millions of yen)	
2026			
Foreign currency translation adjustments:			
Change in foreign currency translation adjustments	**¥263,195**	**¥ –**	**¥263,195**
Reclassification to net income	**(2,724)**	**–**	**(2,724)**
Net change in foreign currency translation adjustments	**260,471**	**–**	**260,471**
Pension liability adjustments:			
Change in pension liability adjustments	**62,864**	**(19,943)**	**42,921**
Reclassification to net income	**(803)**	**757**	**(46)**
Net change in pension liability adjustments	**62,061**	**(19,186)**	**42,875**
Unrealized gains (losses) on derivatives:			
Change in unrealized gains (losses) on derivatives	**(383)**	**118**	**(265)**
Reclassification to net income	**421**	**(121)**	**300**
Net change in unrealized gains (losses) on derivatives	**38**	**(3)**	**35**
Total	**¥322,570**	**¥(19,189)**	**¥303,381**

	Before-tax amount	Tax (expense) or benefit	Net-of-tax amount
		(Millions of yen)	
2025			
Foreign currency translation adjustments:			
Change in foreign currency translation adjustments	¥(31,357)	¥ –	¥(31,357)
Reclassification to net income	–	–	–
Net change in foreign currency translation adjustments	(31,357)	–	(31,357)
Pension liability adjustments:			
Change in pension liability adjustments	33,316	(12,196)	21,120
Reclassification to net income	(1,134)	649	(485)
Net change in pension liability adjustments	32,182	(11,547)	20,635
Unrealized gains (losses) on derivatives:			
Change in unrealized gains (losses) on derivatives	(455)	138	(317)
Reclassification to net income	420	(136)	284
Net change in unrealized gains (losses) on derivatives	(35)	2	(33)
Total	¥ 790	¥(11,545)	¥(10,755)

14. Other Comprehensive Income (Loss) (continued)

	Before-tax amount	Tax (expense) or benefit	Net-of-tax amount
	(Thousands of U.S. dollars) (Note 3)		
2026			
Foreign currency translation adjustments:			
Change in foreign currency translation adjustments	**$1,644,969**	**$ –**	**$1,644,969**
Reclassification to net income	**(17,025)**	**–**	**(17,025)**
Net change in foreign currency translation adjustments	**1,627,944**	**–**	**1,627,944**
Pension liability adjustments:			
Change in pension liability adjustments	**392,900**	**(124,643)**	**268,257**
Reclassification to net income	**(5,019)**	**4,731**	**(288)**
Net change in pension liability adjustments	**387,881**	**(119,912)**	**267,969**
Unrealized gains (losses) on derivatives:			
Change in unrealized gains (losses) on derivatives	**(2,394)**	**738**	**(1,656)**
Reclassification to net income	**2,631**	**(756)**	**1,875**
Net change in unrealized gains (losses) on derivatives	**237**	**(18)**	**219**
Total	**$2,016,062**	**$(119,930)**	**$1,896,132**

15. Commitments and Contingent Liabilities

Guarantees

The Company guarantees certain indebtedness of others and other obligations. As of March 31, 2026, the maximum potential amount of future payments (undiscounted) the Company could be required to make under such guarantees was ¥244 million ($1,525 thousand), of which ¥168 million ($1,050 thousand) were guarantees of employee mortgage loans to financial institutions. In the event of an employee's insolvency, the Company will need to pay the default mortgage on behalf of the employee. The guarantees are partly secured by the employees' property. The terms of the mortgage loan guarantees are from 1 to 11 years. The Company has not made any significant payments under such guarantees in the past, and as of March 31, 2026, the carrying amount of the liability for the Company's obligations under such guarantees was not material.

15. Commitments and Contingent Liabilities (continued)

Purchase Commitments, Other Commitments and Contingencies

Commitments outstanding as of March 31, 2026, principally for the construction and purchase of property, plant and equipment, amounted to ¥121,100 million ($756,875 thousand). As of March 31, 2026, the Company was contingently liable for discounted notes receivable on a full recourse basis with banks of ¥39 million ($244 thousand).

Due to the nature of its business, the Company is subject to various threatened or filed legal actions and regulatory investigations. The Company has provided the necessary accruals, if any, for environmental remediation, litigation and regulatory investigations, for which occurrence of the future events is probable and the amount of loss can be reasonably estimated. Although the amount of the ultimate exposure, if any, cannot be determined at this time, the Company does not expect the final outcome of those matters to have a material adverse effect on the financial position, operating results and cash flows of the Company.

Product Warranties

The Company provides a warranty for certain of its products. These warranties generally extend for a period of one year from the date of sale. The changes in the Company's warranty liability balance are as follows:

	2026	**2025**	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Balance as of April 1	**¥ 11,414**	¥ 11,439	**$ 71,337**
Warranties issued during the current period	**7,967**	7,294	**49,794**
Settlements made during the current period	**(6,955)**	(6,817)	**(43,469)**
Other, including changes in liability for pre-existing warranties during the current period	**427**	(502)	**2,669**
Balance as of March 31	**¥ 12,853**	¥ 11,414	**$ 80,331**

16. Net Income Attributable to FUJIFILM Holdings per Share

A calculation of the basic and diluted net income attributable to FUJIFILM Holdings per share for the years ended March 31, 2026 and 2025 is as follows. The Company has introduced a non-performance-linked share-based remuneration plan (restricted share-based remuneration plan) for Directors, Executive Officers, and important employees of the Company as well as Directors, Executive Officers, Fellows, and important employees of its major subsidiaries. Among the shares issued under this plan, those which have not vested are distinguished as participating securities from common shares. Both common shares and participating securities have the same rights to net income attributable to FUJIFILM Holdings.

	2026	**2025**	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Net income attributable to FUJIFILM Holdings	**¥276,735**	¥260,951	**$1,729,594**
Net income attributable to participating securities	**320**	231	**2,000**
Net income attributable to common shareholders	**¥276,415**	¥260,720	**$1,727,594**

	2026	**2025**
	(Shares)	
Weighted average shares outstanding	**1,205,039,088**	1,204,372,532
Weighted average participating securities	**1,392,669**	1,066,252
Weighted average common shares outstanding-Basic	**1,203,646,419**	1,203,306,280
Effects of dilutive securities:		
Stock options	**1,015,631**	1,154,277
Performance share units	**–**	36,760
Restricted stock units	**11,953**	–
Medium-term performance-linked share-based remuneration plan	**1,149**	–
Weighted average common shares outstanding-Diluted	**1,204,675,152**	1,204,497,317

	2026	**2025**	**2026**
	(Yen)		*(U.S. dollars) (Note 3)*
Net income attributable to FUJIFILM Holdings per share:			
Basic	**¥229.65**	¥216.67	**$1.44**
Diluted	**229.45**	216.46	**1.43**

16. Net Income Attributable to FUJIFILM Holdings per Share (continued)

(Note 1) The performance share unit plan has already ended but the issuance of shares based on this plan was made during the year ended March 31, 2025. Accordingly, the performance share units are treated as and included in effects of dilutive securities for the year ended March 31, 2025.

(Note 2) Under the medium-term performance-linked share-based remuneration plan, the Company's shares held in the Share-Delivery Trust are included in treasury stock which is excluded from the average number of shares during each of the years ended March 31, 2026 and 2025 used for the calculation of net income per share, and were 685,696 shares and 687,450 shares for the years ended March 31, 2026 and 2025, respectively.

The equity-settled restricted stock units and the equity-settled medium-term performance-linked share-based remuneration points for non-domestic-residents, which had no dilutive effect and were excluded from the calculation of diluted net income attributable to FUJIFILM Holdings per share, were 13,050 points and 73,219 points for the year ended March 31, 2026, respectively, and 27,675 points and 13,500 points for the year ended March 31, 2025, respectively.

17. Share-Based Remuneration Plan

Stock-Based Compensation Plan

The Company previously had a stock-based compensation plan for Directors (excluding Outside Directors), Executive Officers, and important employees of the Company as well as Directors (excluding Outside Directors), Executive Officers, Fellows, and important employees of its certain consolidated subsidiaries. Due to the introduction of a performance share unit plan and a restricted share-based remuneration plan by a resolution of the 125th Ordinary General Meeting of Shareholders held on June 29, 2021, the stock-based compensation plan was abolished except for those already granted. Under the stock-based compensation plan, one stock acquisition right represents one option to purchase 300 shares of the Company's common stock.

General terms of contracts are as follows. The numbers of shares as of grant dates are presented.

Stock acquisition rights	Number of shares (Note 1)	Exercise price (Note 1) *(Yen)*	Grant date	Period for exercising stock acquisition rights
No. 5-1	1,158,000	1	April 2, 2012	April 3, 2012 ~ April 2, 2042 (Note 2)
No. 6-1	1,111,200	1	April 1, 2013	April 2, 2013 ~ April 1, 2043 (Note 2)
No. 7-1	681,300	1	April 1, 2014	April 2, 2014 ~ April 1, 2044 (Note 2)
No. 8-1	546,300	1	April 1, 2015	April 2, 2015 ~ April 1, 2045 (Note 2)
No. 9-1	524,400	1	June 1, 2016	June 2, 2016 ~ June 1, 2046 (Note 2)
No. 9-2	75,300	1,499	June 1, 2016	April 28, 2018 ~ April 27, 2026
No. 10-1	489,900	1	June 1, 2017	June 2, 2017 ~ June 1, 2047 (Note 3)
No. 10-2	70,500	1,382	June 1, 2017	April 28, 2019 ~ April 27, 2027
No. 11-1	522,000	1	June 1, 2018	June 2, 2018 ~ June 1, 2048 (Note 3)
No. 11-2	72,300	1,414	June 1, 2018	May 11, 2020 ~ May 10, 2028
No. 12-1	408,900	1	June 1, 2019	June 2, 2019 ~ June 1, 2049 (Note 3)
No. 12-2	70,500	1,746	June 1, 2019	May 9, 2021 ~ May 8, 2029
No. 13-1	454,800	1	June 1, 2020	June 2, 2020 ~ June 1, 2050 (Note 3)
No. 13-2	80,700	1,681	June 1, 2020	May 14, 2022 ~ May 13, 2030
No. 14-1	393,300	1	June 1, 2021	June 2, 2021 ~ June 1, 2051 (Note 3)
No. 14-2	86,700	2,519	June 1, 2021	May 13, 2023 ~ May 12, 2031

17. Share-Based Remuneration Plan (continued)

Stock-Based Compensation Plan (continued)

(Note 1) The Company conducted a 3-for-1 stock split of its common stock on April 1, 2024. The number of shares and the exercise price stated in the above table are adjusted figures after the stock split.

(Note 2) In the case that stock acquisition right holders cease to hold any positions as the Company's or its certain subsidiaries' Directors (excluding Outside Directors), Audit & Supervisory Board Members, Executive Officers, Fellows, employees, or other positions appointed by the Board of Directors, during the period for exercising the stock acquisition rights, they shall exercise the stock acquisition rights during a limited period of seven years beginning from the day following the date of loss of position.

(Note 3) In the case that stock acquisition right holders cease to hold any positions as the Company's or its certain subsidiaries' Directors (excluding Outside Directors), Audit & Supervisory Board Members, Executive Officers, Fellows, employees, or other positions appointed by the Board of Directors, during the period for exercising the stock acquisition rights, they shall exercise the stock acquisition rights all at once during a limited period of 10 calendar days beginning from the day following the date of loss of position.

There were 427 and 811 stock acquisition rights exercised during the years ended March 31, 2026 and 2025, respectively, and cash received from the exercise for the years ended March 31, 2026 and 2025, was ¥84 million ($525 thousand) and ¥141 million, respectively.

No stock acquisition right was granted during the years ended March 31, 2026 and 2025 due to the abolishment of the stock-based compensation plan. As of March 31, 2026 and 2025, there was no unrecognized stock-based compensation cost.

17. Share-Based Remuneration Plan (continued)

Stock-Based Compensation Plan (continued)

A summary of the status of stock acquisition rights during the years ended March 31, 2026 and 2025 is as follows:

2026	**Number of shares**	**Weighted average exercise price**	**Weighted average remaining contractual term**	**Aggregate intrinsic value**
		(Yen)	*(Years)*	*(Millions of yen)*
Outstanding as of April 1, 2025	**1,164,900**	**¥ 238**		
Exercised	**(128,100)**	**656**		
Forfeited or expired	**(5,400)**	**1**		
Outstanding as of March 31, 2026	**1,031,400**	**187**	**20.7**	**¥ 2,867**
Exercisable as of March 31, 2026	**1,031,400**	**187**	**20.7**	**2,867**

2025	**Number of shares**	**Weighted average exercise price**	**Weighted average remaining contractual term**	**Aggregate intrinsic value**
		(Yen)	*(Years)*	*(Millions of yen)*
Outstanding as of April 1, 2024	1,420,200	¥ 297		
Exercised	(243,300)	580		
Forfeited or expired	(12,000)	394		
Outstanding as of March 31, 2025	1,164,900	238	21.2	¥ 3,036
Exercisable as of March 31, 2025	1,164,900	238	21.2	3,036

2026	**Weighted average exercise price**	**Aggregate intrinsic value**
	(U.S. dollar) (Note 3)	*(Thousands of U.S. dollars) (Note 3)*
Outstanding as of April 1, 2025	**$ 1.49**	
Exercised	**4.10**	
Forfeited or expired	**0.01**	
Outstanding as of March 31, 2026	**1.17**	**$ 17,919**
Exercisable as of March 31, 2026	**1.17**	**17,919**

17. Share-Based Remuneration Plan (continued)

Stock-Based Compensation Plan (continued)

The aggregate intrinsic value of shares exercised under the stock acquisition rights plan was ¥296 million ($1,850 thousand) and ¥551 million for the years ended March 31, 2026 and 2025, respectively.

The fair value of the stock acquisition rights as of the grant date was estimated using the Black-Scholes pricing model with the following assumptions:

Stock acquisition rights	Expected volatility	Expected remaining life	Expected dividend (Yen)	Risk-free interest rate
No. 5-1	28.548%	1 year	32.5	0.105%
No. 6-1	28.682%	1 year	37.5	0.055%
No. 7-1	36.312%	1 year	40.0	0.070%
No. 8-1	24.178%	1 year	55.0	0.020%
No. 9-1	32.900%	1 year	67.5	(0.265)%
No. 9-2	29.840%	6 years	67.5	(0.256)%
No. 10-1	28.736%	2 years	67.5	(0.165)%
No. 10-2	29.426%	6 years	67.5	(0.092)%
No. 11-1	27.457%	3 years	72.5	(0.131)%
No. 11-2	28.715%	6 years	72.5	(0.071)%
No. 12-1	23.632%	3 years	77.5	(0.197)%
No. 12-2	26.672%	6 years	77.5	(0.203)%
No. 13-1	28.112%	3 years	87.5	(0.195)%
No. 13-2	27.601%	6 years	87.5	(0.134)%
No. 14-1	27.551%	3 years	95.0	(0.153)%
No. 14-2	27.505%	6 years	95.0	(0.078)%

17. Share-Based Remuneration Plan (continued)

Stock-Based Compensation Plan (continued)

The expected volatility is determined based on the historical volatility of the Company's common stock price over the most recent period corresponding with the expected remaining life of the Company's stock acquisition rights. The expected remaining life of No. 5-1 Stock Acquisition Rights, No. 6-1 Stock Acquisition Rights, No. 7-1 Stock Acquisition Rights, No. 8-1 Stock Acquisition Rights and No. 9-1 Stock Acquisition Rights was determined as one year based on the minimum term of Directors and Executive Officers of the Company and FUJIFILM Corporation. The expected remaining life of No. 10-1 Stock Acquisition Rights, No. 11-1 Stock Acquisition Rights, No. 12-1 Stock Acquisition Rights, No. 13-1 Stock Acquisition Rights and No. 14-1 Stock Acquisition Rights was determined as the years reflecting the actual term of the year before the grant date. The expected remaining life of No. 9-2 Stock Acquisition Rights, No. 10-2 Stock Acquisition Rights, No. 11-2 Stock Acquisition Rights, No. 12-2 Stock Acquisition Rights, No. 13-2 Stock Acquisition Rights and No. 14-2 Stock Acquisition Rights was determined as six years based on the midpoint of the period for exercising the stock acquisition rights.

Medium-Term Performance-Linked Share-Based Remuneration Plan

The Company has introduced a medium-term performance-linked share-based remuneration plan that utilizes the Share-Delivery Trust for Directors (excluding Outside Directors), Executive Officers, Fellows and important employees of the Company and certain of its subsidiaries ("Eligible Allottees"). This is a remuneration plan using the Share-Delivery Trust (the "New PSU (Share-Delivery Trust)"), under which a trust established by monetary contributions from the Company (the "Trust") acquires shares of the Company's common stock, and the Company's shares equivalent to the number of points granted by the Company to the Eligible Allottees are delivered to the Eligible Allottees through the Trust. Points under this plan are granted as compensation for the performance of duties during each period beginning on the date of the Company's Ordinary General Meeting of Shareholders in or after 2024 and ending on the date of the Company's Ordinary General Meeting of Shareholders three years after the beginning date, with the number of points reflecting the position during the relevant period and the term of office. The number of points to be vested reflects the performance of the Company during the three consecutive fiscal years from the fiscal year beginning immediately before the date the relevant period begins to the fiscal year ending immediately before the date the relevant period ends. The points shall be vested, in principle, at the end of each period for assessing eligibility. The number of the Company's shares corresponding to such points is delivered from the Trust to the Eligible Allottees. The points held by each Eligible Allottee are equivalent to one share per unit, half of which is provided through the Trust, and the remainder is paid in cash to the Eligible Allottees. The Eligible Allottees may include Inside Directors who are non-domestic-residents. The Company may, using the same framework, directly deliver shares or cash that are equivalent to the Company's shares and cash in lieu of delivery through the Trust, if the Company's Board of Directors deems it reasonable due to the legislation in the country of residence or other reasons (the "New PSU (Global Plan)").

17. Share-Based Remuneration Plan (continued)

Medium-Term Performance-Linked Share-Based Remuneration Plan (continued)

The Company has introduced a medium-term performance-linked share-based remuneration plan for the purpose of retaining key talent at certain of its subsidiaries (the "New PSU (Retention Plan)"). Points under this plan are granted as compensation for the performance of duties during the period beginning on the date of the Company's Ordinary General Meeting of Shareholders in 2025 and ending on the date of the Company's Ordinary General Meeting of Shareholders in 2031, with the number of points reflecting the position during the relevant period and the term of office. The number of points to be vested reflects the performance of the Company in each fiscal year between the fiscal year beginning immediately before the date the relevant period begins and the fiscal year ending immediately before the date the relevant period ends. The points shall be vested, in principle, after the date of the Company's Ordinary General Meeting of Shareholders each year. The number of the Company's shares equal to the number of such points is provided to the key talent.

Following the introduction of the New PSUs, the Company has abolished the performance share unit plan (the "Old PSU") which was approved at the 125th Ordinary General Meeting of Shareholders held on June 29, 2021. The eligible period of the last delivery of shares and cash was from the year ended March 31, 2022 to the year ended March 31, 2024, and no new shares or cash shall be delivered under the Old PSU. Under the Old PSU, units are allotted to the Eligible Allottees at the beginning of the performance evaluation period and, after the performance evaluation period ends, the number of units is finalized by multiplying the number of units initially allotted by the achievement rate against numerical targets such as performance, if the delivery requirements are satisfied. Units held by each Eligible Allottee are equivalent to one share per unit. Shares are provided for the half of the number of units through the issuance of common stock or disposal of treasury shares, and the remainder is paid in cash to the Eligible Allottees.

Details of the New PSU (Share-Delivery Trust), the New PSU (Global Plan), the New PSU (Retention Plan) and the Old PSU during the years ended March 31, 2026 and 2025 are as follows.

17. Share-Based Remuneration Plan (continued)

Medium-Term Performance-Linked Share-Based Remuneration Plan (continued)

New PSU (Share-Delivery Trust)

	2026		
	Number of points (Note)	**Weighted average fair value at grant date**	
		(Yen)	*(U.S. dollar) (Note 3)*
Balance as of April 1, 2025	**268,953**	**¥3,200**	**$20.00**
Granted	**251,876**	**3,330**	**20.81**
Vested	**(24,824)**	**3,200**	**20.00**
Forfeited	**(2,641)**	**3,200**	**20.00**
Other changes	**(16,210)**	**3,200**	**20.00**
Change in estimates	**41,703**	**3,341**	**20.88**
Balance as of March 31, 2026	**518,857**	**3,274**	**20.46**

	2025	
	Number of points (Note)	**Weighted average fair value at grant date**
		(Yen)
Balance as of April 1, 2024	–	¥ –
Granted	229,150	3,200
Vested	–	–
Forfeited	–	–
Other changes	–	–
Change in estimates	39,803	3,200
Balance as of March 31, 2025	268,953	3,200

(Notes) 1. This represents the number of points to be granted at the end of each period for assessing eligibility.
2. Other changes are mainly due to transfer between the remuneration plans associated with personnel transfer of eligible persons.

17. Share-Based Remuneration Plan (continued)

Medium-Term Performance-Linked Share-Based Remuneration Plan (continued)

New PSU (Global Plan)

	2026		
	Number of points (Note)	**Weighted average fair value at grant date**	
		(Yen)	*(U.S. dollar) (Note 3)*
Balance as of April 1, 2025	**41,197**	**¥3,021**	**$18.88**
Granted	**37,488**	**3,123**	**19.52**
Vested	**(12,383)**	**3,021**	**18.88**
Other changes	**2,348**	**3,021**	**18.88**
Change in estimates	**6,245**	**3,131**	**19.57**
Balance as of March 31, 2026	**74,895**	**3,081**	**19.26**

	2025	
	Number of points (Note)	**Weighted average fair value at grant date**
		(Yen)
Balance as of April 1, 2024	–	¥ –
Granted	35,100	3,021
Vested	–	–
Other changes	–	–
Change in estimates	6,097	3,021
Balance as of March 31, 2025	41,197	3,021

(Notes) 1. This represents the number of points to be granted at the end of each period for assessing eligibility.

2. Other changes are mainly due to transfer between the remuneration plans associated with personnel transfers of eligible persons.

17. Share-Based Remuneration Plan (continued)

Medium-Term Performance-Linked Share-Based Remuneration Plan (continued)

New PSU (Retention Plan)

	2026		
	Number of points (Note)	**Weighted average fair value at grant date**	
		(Yen)	*(U.S. dollar) (Note 3)*
Balance as of April 1, 2025	**–**	**¥ –**	**$ –**
Granted	**258,700**	**2,740**	**17.13**
Change in estimates	**(7,761)**	**2,931**	**18.32**
Balance as of March 31, 2026	**250,939**	**2,734**	**17.09**

	2025	
	Number of points (Note)	**Weighted average fair value at grant date**
		(Yen)
Balance as of April 1, 2024	–	¥ –
Granted	–	–
Change in estimates	–	–
Balance as of March 31, 2025	–	–

(Note) This represents the number of points to be granted after the Company's Ordinary General Meeting of Shareholders each year.

Old PSU

	2026		
	Number of units	**Weighted average fair value at grant date**	
		(Yen)	*(U.S. dollar) (Note 3)*
Balance as of April 1, 2025	**–**	**¥ –**	**$ –**
Granted	**–**	**–**	**–**
Vested	**–**	**–**	**–**
Forfeited	**–**	**–**	**–**
Balance as of March 31, 2026	**–**	**–**	**–**

17. Share-Based Remuneration Plan (continued)

Medium-Term Performance-Linked Share-Based Remuneration Plan (continued)

	2025	
	Number of units	**Weighted average fair value at grant date**
		(Yen)
Balance as of April 1, 2024	369,825	¥2,816
Granted	–	–
Vested	(369,825)	2,816
Forfeited	–	–
Balance as of March 31, 2025	–	–

The fair value of the equity-settled New PSU (Share-Delivery Trust), New PSU (Global Plan) and New PSU (Retention Plan) as of the grant date is as follows. The fair value is calculated based on the market value of shares of the Company's common stock on the grant date of the units, and for the New PSU (Global Plan) and the New PSU (Retention Plan), the fair value is adjusted to take into account expected dividends and a weighted average discount rate.

17. Share-Based Remuneration Plan (continued)

Medium-Term Performance-Linked Share-Based Remuneration Plan (continued)

New PSU (Share-Delivery Trust)

	2026	2025
Fair value at grant date	**¥3,330 ($20.81)**	¥3,200
Stock price at grant date	**¥3,330 ($20.81)**	¥3,200

New PSU (Global Plan)

	2026	2025
Fair value at grant date	**¥3,123 ($19.52)**	¥3,021
Expected period	**3.0 years**	3.0 years
Estimated deductible dividends	**¥207 ($1.29)**	¥179
Weighted average discount rate	**0.798%**	0.242%
Stock price at grant date	**¥3,330 ($20.81)**	¥3,200

New PSU (Retention Plan)

	2026	2025
Weighted average fair value at grant date	**¥2,740 ($17.13)**	–
Weighted average expected period	**3.2 years**	–
Weighted average estimated deductible dividends	**¥226 ($1.41)**	–
Weighted average discount rate	**1.182%**	–
Stock price at grant date	**¥2,966 ($18.54)**	–

(Note) For the year ended March 31, 2026, the grant date is considered to be March 5, 2026, when the Representative Director, delegated by the Company's Board of Directors, made a decision on granting the New PSU (Retention Plan).

The fair value of the cash-settled New PSU (Share-Delivery Trust) and New PSU (Global Plan) at the end of the fiscal year is as follows. The fair value is calculated based on the market value of shares of the Company's common stock at the end of year, and for the New PSU (Global Plan), the fair value is adjusted to take into account expected dividends and a weighted average discount rate.

New PSU (Share-Delivery Trust)

	2026	2025
Fair value at end of year	**¥2,967 ($18.54)**	¥2,845
Stock price at end of year	**¥2,967 ($18.54)**	¥2,845

17. Share-Based Remuneration Plan (continued)

Medium-Term Performance-Linked Share-Based Remuneration Plan (continued)

New PSU (Global Plan)

	2026	2025
Fair value at end of year	**¥2,795 ($17.47)**	¥2,697
Expected period	**2.3 years**	2.3 years
Estimated deductible dividends	**¥172 ($1.08)**	¥148
Weighted average discount rate	**1.141%**	0.686%
Stock price at end of year	**¥2,967 ($18.54)**	¥2,845

The Company recognized share-based compensation cost of ¥549 million ($3,431 thousand) and ¥276 million as "Selling, general and administrative" in the consolidated statements of income for the years ended March 31, 2026 and 2025, respectively, and the cost was measured as the fair value of the New PSU (Share-Delivery Trust), New PSU (Global Plan), New PSU (Retention Plan) and Old PSU as of the grant date and at the end of the fiscal year. The deferred income tax benefit related to the cost was ¥51 million ($319 thousand) and ¥37 million for the years ended March 31, 2026 and 2025, respectively. Unrecognized share-based compensation cost amounted to ¥1,701 million ($10,631 thousand) and ¥698 million as of March 31, 2026 and 2025, respectively. Unrecognized share-based compensation cost for the year ended March 31, 2026 is scheduled to be recognized over a weighted average period of 2.5 years.

17. Share-Based Remuneration Plan (continued)

Non-Performance-Linked Share-Based Remuneration Plan

The Company has introduced a non-performance-linked share-based remuneration plan which covers Directors (excluding Outside Directors for grants made in or before the fiscal year ended March 31, 2024), Executive Officers, Fellows and important employees of the Company and its certain subsidiaries ("Eligible Allottees"). This is a remuneration plan using the scheme of the Restricted Share-Based Remuneration Plan (the "RS"). The Eligible Allottees, in principle, pay in every year the full amount of monetary remuneration receivables, which are provided to grant the restricted shares under the RS, as contribution in kind, and receive the shares of the Company's common stock newly issued or disposed of. The Eligible Allottees shall not transfer, create a security interest on, or otherwise dispose of restricted shares received as an allotment under the allotment agreement for restricted shares (the "Allotment Agreement") during the period from the day the allotment was received in accordance with the Allotment Agreement until the day on which the Eligible Allottees cease to hold the position of Director or other positions of the Company determined by its Board of Directors (the "Restriction Period"). The restrictions described in the preceding sentence will hereinafter be collectively referred to as the "Transfer Restrictions". The Company shall lift the Transfer Restrictions when the Restriction Period has expired subject to the Eligible Allottees continuing to hold their position from the day on which the Restriction Period commenced until the day on which the Company's Ordinary General Meeting of Shareholders first arrives thereafter. The Eligible Allottees may include those who are non-domestic-residents. The Company may deliver shares or cash to them using a restricted stock unit (the "RSU"), instead of delivering the Company' shares using the RS, after the end of the three-year period (a period equivalent to a three-year term of office as a Director), if the Company's Board of Directors deems it reasonable due to the legislation in the country of residence or other reasons. The points granted to each Eligible Allottee under the RSU are equivalent to one share per unit. Shares are provided for the half of the number of units through the issuance of common stock or disposal of treasury shares, and the remainder is paid in cash to the Eligible Allottees.

Details of the RS allotted during the years ended March 31, 2026 and 2025 are as follows. The stock price on the grant date is used as the fair value of the RS.

	2026		
	Number of shares	**Weighted average fair value at grant date**	
		(Yen)	*(U.S. dollar) (Note 3)*
Balance as of April 1, 2025	**1,185,200**	**¥3,039**	**$18.99**
Granted	**368,500**	**3,117**	**19.48**
Transfer Restrictions lifted	**(63,900)**	**2,969**	**18.56**
Balance as of March 31, 2026	**1,489,800**	**3,061**	**19.13**

17. Share-Based Remuneration Plan (continued)

Non-Performance-Linked Share-Based Remuneration Plan (continued)

	2025	
	Number of shares	**Weighted average fair value at grant date**
		(Yen)
Balance as of April 1, 2024	1,017,600	¥2,759
Granted	352,400	3,702
Transfer Restrictions lifted	(184,800)	2,760
Balance as of March 31, 2025	1,185,200	3,039

Details of the RSU for the years ended March 31, 2026 and 2025 are as follows.

	2026		
	Number of points	**Weighted average fair value at grant date**	
		(Yen)	*(U.S. dollar) (Note 3)*
Balance as of April 1, 2025	**90,000**	**¥3,021**	**$18.88**
Granted	**–**	**–**	**–**
Other changes	**36,000**	**3,169**	**19.81**
Balance as of March 31, 2026	**126,000**	**3,063**	**19.14**

	2025	
	Number of points	**Weighted average fair value at grant date**
		(Yen)
Balance as of April 1, 2024	–	¥ –
Granted	90,000	3,021
Other changes	–	–
Balance as of March 31, 2025	90,000	3,021

(Note) Other changes are mainly due to transfer between the remuneration plans associated with personnel transfers of eligible persons.

17. Share-Based Remuneration Plan (continued)

Non-Performance-Linked Share-Based Remuneration Plan (continued)

The fair value of the equity-settled RSU as of the grant date is as follows. The fair value is calculated based on the market value of shares of the Company's common stock on the grant date, adjusted to take into account expected dividends and a weighted average discount rate.

	2026	2025
Fair value at grant date	–	¥3,021
Expected period	–	3.0 years
Estimated deductible dividends	–	¥179
Weighted average discount rate	–	0.242%
Stock price at grant date	–	¥3,200

The fair value of the cash-settled RSU at the end of year is as follows. The fair value is calculated based on the market value of shares of the Company's common stock at the end of year, adjusted to take into account expected dividends and a weighted average discount rate.

	2026	2025
Fair value at end of year	–	¥2,697
Expected period	–	2.3 years
Estimated deductible dividends	–	¥148
Weighted average discount rate	–	0.686%
Stock price at end of year	–	¥2,845

The Company recognized share-based compensation cost of ¥1,323 million ($8,269 thousand) and ¥1,286 million as "Selling, general and administrative" in the consolidated statements of income for the years ended March 31, 2026 and 2025, respectively, and the cost was measured based on the fair value as of the grant date for the RS and as of the grant date and the end of year for the RSU. The deferred income tax benefit related to the cost was ¥372 million ($2,325 thousand) and ¥388 million for the years ended March 31, 2026 and 2025, respectively. Unrecognized share-based compensation cost amounted to ¥473 million ($2,956 thousand) and ¥517 million as of March 31, 2026 and 2025, respectively. Unrecognized share-based compensation cost for the year ended March 31, 2026 is scheduled to be recognized over a weighted average period of 0.8 years.

18. Derivatives

The Company operates internationally, and is exposed to market risks arising from fluctuations in foreign currencies, interest rates and certain commodity prices. The Company utilizes derivative financial instruments solely to reduce these risks.

The Company has established risk management policies for approval, reporting and monitoring of derivative financial instruments. The risk management policies prohibit the Company from holding or issuing derivative financial instruments for trading purposes. The summary of the Company's risk management policies and impact of these strategies on the Company's consolidated financial statements are as follows.

Cash Flow Hedges

Certain subsidiaries of the Company have entered into forward currency exchange contracts to reduce the risks of fluctuations in foreign currencies pertaining to forecasted import purchases and export sales from/to third parties and group companies, and related receivables and payables denominated in foreign currencies. If the Japanese yen weakens significantly against foreign currencies (primarily the U.S. dollar), the increase in the cash flows caused by increases of value in future foreign currency is offset by gains or losses in the value of the forward exchange contracts designated as hedges. Conversely, if the Japanese yen strengthens, the decrease in the cash flows caused by decreases of value in future foreign currency is offset by gains or losses in the value of the forward contracts designated as hedges.

Changes in the fair value of those derivative instruments designated or qualified as cash flow hedges are reported in "Accumulated other comprehensive income", net of applicable taxes, in the consolidated balance sheets. These amounts are reclassified into earnings in the same period during which the hedged items affect earnings.

As of March 31, 2026, the Company does not expect to reclassify unrealized gains or losses on derivatives from accumulated other comprehensive income to earnings during the next twelve months.

Derivatives Not Designated as Hedges

Certain subsidiaries of the Company have entered into forward currency exchange contracts or currency swap contracts to reduce the risks of fluctuations in foreign currency exchange pertaining to forecasted transactions, and related receivables and payables denominated in foreign currencies. They have also entered into commodity swap contracts to reduce the risks of fluctuations in commodity prices. Although these derivatives are effective as hedges from an economic perspective, certain subsidiaries of the Company do not designate these contracts as hedges as required in order to apply hedge accounting. As a result, changes in the fair value of these derivatives are recorded in earnings immediately.

18. Derivatives (continued)

Volume of Derivative Activities

Notional amounts of forward currency exchange contracts, currency swap contracts and commodity swap contracts as of March 31, 2026 and 2025 are summarized as follows:

	2026	**2025**	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Forward currency exchange contracts (short)	**¥69,427**	¥79,917	**$433,919**
Forward currency exchange contracts (long)	**15,794**	13,011	**98,713**
Currency swap contracts	**2,228**	4,007	**13,925**
Commodity swap contracts	**20,099**	1,628	**125,619**

18. Derivatives (continued)

Impacts on the Consolidated Financial Statements

The locations and amounts of fair values of derivatives in the consolidated balance sheets as of March 31, 2026 and 2025 are summarized as follows:

	Derivative assets			
	Balance sheet location	**Fair value**		
		2026	**2025**	**2026**
		(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Derivatives designated as hedging instruments				
Forward currency exchange contracts	Prepaid expenses and other	**¥ –**	¥ 58	**$ –**
Total		**–**	58	**–**
Derivatives not designated as hedging instruments				
Forward currency exchange contracts	Prepaid expenses and other	**154**	897	**963**
Currency swaps	Prepaid expenses and other	**17**	–	**106**
Commodity swaps	Prepaid expenses and other	**1,933**	112	**12,081**
Total		**2,104**	1,009	**13,150**
Total derivative assets		**¥2,104**	¥1,067	**$13,150**

	Derivative liabilities			
	Balance sheet location	**Fair value**		
		2026	**2025**	**2026**
		(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Derivatives designated as hedging instruments				
Forward currency exchange contracts	Other current liabilities	**¥ –**	¥ 12	**$ –**
Total		**–**	12	**–**
Derivatives not designated as hedging instruments				
Forward currency exchange contracts	Other current liabilities	**510**	319	**3,188**
Currency swaps	Other current liabilities	**–**	11	**–**
Total		**510**	330	**3,188**
Total derivative liabilities		**¥510**	¥342	**$3,188**

18. Derivatives (continued)

Impacts on the Consolidated Financial Statements (continued)

The location and amounts of gains and losses related to derivatives recorded in the consolidated statements of income for the years ended March 31, 2026 and 2025 are summarized as follows:

Cash Flow Hedges	**2026**		
	Gains (losses) recognized in accumulated OCI on derivatives (Effective portion)	**Gains (losses) reclassified from accumulated OCI into earnings (Effective portion)**	
	Amount	**Statements of income location**	**Amount**
	(Millions of yen)		
Forward currency exchange contracts	**¥(383)**	Foreign exchange gains (losses), net	**¥(421)**
Total	**¥(383)**		**¥(421)**

Cash Flow Hedges	**2025**		
	Gains (losses) recognized in accumulated OCI on derivatives (Effective portion)	**Gains (losses) reclassified from accumulated OCI into earnings (Effective portion)**	
	Amount	**Statements of income location**	**Amount**
	(Millions of yen)		
Forward currency exchange contracts	¥(455)	Foreign exchange gains (losses), net	¥(420)
Total	¥(455)		¥(420)

18. Derivatives (continued)

Impacts on the Consolidated Financial Statements (continued)

Cash Flow Hedges	**2026**		
	Gains (losses) recognized in accumulated OCI on derivatives (Effective portion)	**Gains (losses) reclassified from accumulated OCI into earnings (Effective portion)**	
	Amount	**Statements of income location**	**Amount**
	(Thousands of U.S. dollars) (Note 3)		
Forward currency exchange contracts	**$(2,394)**	Foreign exchange gains (losses), net	**$(2,631)**
Total	**$(2,394)**		**$(2,631)**

Derivatives Not Designated as Hedges	**Statements of income location**	**Amount**		
		2026	**2025**	**2026**
		(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Forward currency exchange contracts	Foreign exchange gains (losses), net	**¥(4,179)**	¥1,355	**$(26,119)**
Currency swaps	Foreign exchange gains (losses), net	**16**	(415)	**100**
Commodity swaps	Other, net	**6,790**	1,212	**42,438**
Total		**¥ 2,627**	¥2,152	**$ 16,419**

19. Fair Value of Financial Instruments and Concentration of Credit Risk

Fair Value of Financial Instruments

The fair value of financial instruments has been determined using available market information or other appropriate valuation methodologies. Although management uses its best judgment in estimating the fair value of such instruments, the methodologies and assumptions for the estimate of fair value are inherently subjective. Consequently, the estimated amounts are not necessarily indicative of the amounts which could be realized or would be paid in a current market exchange. The following methodologies and assumptions are used in estimating the fair value of its financial instruments:

Cash and cash equivalents, Notes and accounts receivable - trade, Notes and accounts receivable - affiliated companies, Long-term receivables, Short-term debt, Notes and accounts payable - trade, Notes and accounts payable - construction, Notes and accounts payable - affiliated companies: The carrying amounts approximate the fair values.

Investment securities: The fair values of stocks with active markets are estimated based on quoted market prices. Debt securities with inactive markets are measured by using observable inputs, either directly or indirectly.

Investments in and advances to affiliated companies: The fair values of held-to-maturity debt securities acquired from affiliated companies, which are included in investments in and advances to affiliated companies, are estimated based on present value calculated by discounting the estimated future cash flows, which reflect the issuer's financial conditions and operating results, by the interest rate that takes into account the remaining period until the maturity date. In addition, the carrying amounts of these assets are calculated by deducting the amount of equity in net loss of affiliated companies in excess of the amount of investments in affiliated companies from the amortized cost of such assets. The amortized costs, fair values and the corresponding carrying amounts of held-to-maturity debt securities acquired from affiliated companies were ¥18,500 million ($115,625 thousand), ¥12,280 million ($76,750 thousand) and ¥8,568 million ($53,550 thousand), respectively, as of March 31, 2026 and ¥22,500 million, ¥22,500 million and ¥12,278 million, respectively, as of March 31, 2025.

Long-term debt: The fair value of long-term debt is estimated based on quoted market prices or using discounted cash flow analysis based on the current incremental borrowing rates for similar types of borrowing arrangements. The fair values and the corresponding carrying amounts of long-term debt, including the current portion, were ¥622,742 million ($3,892,138 thousand) and ¥644,490 million ($4,028,063 thousand), respectively, as of March 31, 2026 and ¥527,677 million and ¥537,982 million, respectively, as of March 31, 2025.

The fair values of long-term debt as of March 31, 2026 and 2025 were classified as Level 2. The fair value hierarchy that prioritizes the inputs used in valuation techniques is described in Note 20 "Fair Value Measurement".

19. Fair Value of Financial Instruments and Concentration of Credit Risk (continued)

Fair Value of Financial Instruments (continued)

Derivative financial instruments: The fair values of forward currency exchange contracts, currency swap contracts and commodity swap contracts are estimated based on the market prices obtained from financial institutions or third parties, which are measured by observable inputs. The fair values and the carrying amounts of these derivative assets were ¥2,104 million ($13,150 thousand) and ¥1,067 million, and those of derivative liabilities were ¥510 million ($3,188 thousand) and ¥342 million, as of March 31, 2026 and 2025, respectively.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of investment securities, held-to-maturity debt securities, trade accounts receivable and lease receivables, and derivatives.

Investment securities are exposed to risks such as fluctuations in market value, but the Company periodically reviews market values and the financial positions of the issuers and performs ongoing evaluations of holdings.

Held-to-maturity debt securities are exposed to credit risk, but the Company strives to review the financial positions of the issuers as needed.

Trade accounts receivable and lease receivables are exposed to credit risk because they include the trade accounts receivable and lease receivables from certain major customers. However, the Company manages this risk by maintenance of customer’s guarantee deposits and ongoing performance of credit evaluations. An allowance for credit losses is maintained at a level which the Company believes is sufficient to cover potential losses.

Regarding derivatives, the Company assumes the risk that might arise from the possible inability of counterparties to meet the terms of their contracts. The Company conducts such derivative transactions with high credit quality financial institutions to reduce risks.

20. Fair Value Measurement

ASC 820 “Fair Value Measurement” defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, establishes a fair value hierarchy that prioritizes the inputs used in valuation techniques into the following three levels, depending on the observability of those inputs:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Observable inputs other than those classified as Level 1 such as quoted prices for similar assets or liabilities; quoted prices in markets with insufficient volume or infrequent transactions (inactive markets); or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs to the valuation techniques which are significant to the measurement of fair value of assets or liabilities.

Assets and liabilities that the Company measures at fair value on a recurring basis include investment securities, derivative assets and liabilities, and contingent consideration. The fair value hierarchy as of March 31, 2026 and 2025 is as follows:

20. Fair Value Measurement (continued)

	2026				
	Level 1	**Level 2**	**Level 3**	**NAV**	**Total**
			(Millions of yen)		
Assets:					
Investment securities					
Stocks	**¥ 27,095**	**¥ –**	**¥ –**	**¥ –**	**¥ 27,095**
Investment trusts, etc.	**–**	**–**	**–**	**5,365**	**5,365**
Other	**–**	**–**	**111**	**–**	**111**
Short-term derivative assets					
Forward currency exchange contracts	**–**	**154**	**–**	**–**	**154**
Currency swaps	**–**	**17**	**–**	**–**	**17**
Commodity swaps	**–**	**1,933**	**–**	**–**	**1,933**
Liabilities:					
Short-term derivative liabilities					
Forward currency exchange contracts	**–**	**510**	**–**	**–**	**510**
Other non-current liabilities					
Contingent consideration	**–**	**–**	**2,042**	**–**	**2,042**

	2025				
	Level 1	**Level 2**	**Level 3**	**NAV**	**Total**
			(Millions of yen)		
Assets:					
Investment securities					
Stocks	¥ 52,285	¥ –	¥ –	¥ –	¥ 52,285
Investment trusts, etc.	–	–	–	4,879	4,879
Other	–	–	120	–	120
Short-term derivative assets					
Forward currency exchange contracts	–	955	–	–	955
Commodity swaps	–	112	–	–	112
Liabilities:					
Short-term derivative liabilities					
Forward currency exchange contracts	–	331	–	–	331
Currency swaps	–	11	–	–	11
Other non-current liabilities					
Contingent consideration	–	–	3,781	–	3,781

20. Fair Value Measurement (continued)

	2026				
	Level 1	**Level 2**	**Level 3**	**NAV**	**Total**
	(Thousands of U.S. dollars) *(Note 3)*				
Assets:					
Investment securities					
Stocks	**$169,344**	**$ –**	**$ –**	**$ –**	**$169,344**
Investment trusts, etc.	**–**	**–**	**–**	**33,531**	**33,531**
Other	**–**	**–**	**694**	**–**	**694**
Short-term derivative assets					
Forward currency exchange contracts	**–**	**963**	**–**	**–**	**963**
Currency swaps	**–**	**106**	**–**	**–**	**106**
Commodity swaps	**–**	**12,081**	**–**	**–**	**12,081**
Liabilities:					
Short-term derivative liabilities					
Forward currency exchange contracts	**–**	**3,188**	**–**	**–**	**3,188**
Other non-current liabilities					
Contingent consideration	**–**	**–**	**12,763**	**–**	**12,763**

Assets classified as Level 1 include principally listed stocks, which were valued using unadjusted quoted prices in active markets for identical assets. Assets and liabilities classified as Level 2 include principally derivatives. Derivative assets and liabilities were classified as Level 2 because they were valued based on market approach using inputs that were corroborated by observable market data obtained from financial institutions or third parties. Assets and liabilities classified as Level 3 include principally contingent consideration, which was valued using appropriate valuation methods, taking into account the probability of occurrence to determine the present value of future payment amounts. Investment trusts, etc. are measured at fair value using NAV per share applied by practical expedient and have not been classified in the fair value hierarchy. The investment amounts for certain non-marketable equity securities without readily determinable fair value are not included in the above table. The carrying amounts of these investments were ¥11,101 million ($69,381 thousand) and ¥15,014 million as of March 31, 2026 and 2025, respectively. In addition, changes in assets and liabilities classified as the fair value hierarchy Level 3 are not disclosed since their amounts are not material.

For the years ended March 31, 2026 and 2025, assets and liabilities measured at fair value on a nonrecurring basis were not material.

21. Credit Quality of Financial Assets and Allowance for Credit Losses

An allowance for credit losses is accounted for by estimating all credit losses expected to occur in future over the remaining life of financial assets.

In recognizing the allowance for credit losses, the Company manages the credit quality of financial assets as individually evaluated receivables and collectively evaluated receivables. Financial assets are evaluated individually or collectively based on historical credit losses, including the financial positions of its customers and delays in payment, and reasonable and supportable forecasts.

Receivables are classified as individually evaluated receivables when the Company estimates that their credit quality has decreased significantly based on the financial positions of customers and delays in payment. Other receivables are classified as collectively evaluated receivables.

For collectively evaluated receivables, when it is determined that a particular financial asset has similar risk characteristics to other financial assets, the allowance for credit losses is determined, on a pool basis, by using percentages based on historical experience and reasonable and supportable forecasts. For individually evaluated receivables, their credit quality is reviewed semiannually based on the financial positions of customers and delays in payment, and an allowance is individually recorded.

Financial assets are charged-off when it becomes clear that the financial assets will be uncollectable according to a decision of court.

The following table provides the roll-forward and breakdown of allowance for credit losses on trade accounts receivable and lease receivables for the years ended March 31, 2026 and 2025.

	2026		
	Trade accounts receivable	**Lease receivables**	**Total**
	(Millions of yen)		
Balance as of April 1	**¥13,924**	**¥2,546**	**¥16,470**
Provisions	**1,343**	**0**	**1,343**
Charge-offs	**(2,531)**	**(785)**	**(3,316)**
Other (Note)	**861**	**229**	**1,090**
Balance as of March 31	**¥13,597**	**¥1,990**	**¥15,587**
Ending balance: collectively evaluated for impairment	**5,538**	**883**	**6,421**
Ending balance: individually evaluated for impairment	**8,059**	**1,107**	**9,166**

21. Credit Quality of Financial Assets and Allowance for Credit Losses (continued)

	2025		
	Trade accounts receivable	**Lease receivables**	**Total**
	(Millions of yen)		
Balance as of April 1	¥15,682	¥4,873	¥20,555
Provisions/(Reversal)	2,324	(723)	1,601
Charge-offs	(3,877)	(1,645)	(5,522)
Other (Note)	(205)	41	(164)
Balance as of March 31	¥13,924	¥2,546	¥16,470
Ending balance: collectively evaluated for impairment	4,968	981	5,949
Ending balance: individually evaluated for impairment	8,956	1,565	10,521

	2026		
	Trade accounts receivable	**Lease receivables**	**Total**
	(Thousands of U.S. dollars) (Note 3)		
Balance as of April 1	**$87,025**	**$15,913**	**$102,938**
Provisions	**8,394**	**0**	**8,394**
Charge-offs	**(15,819)**	**(4,906)**	**(20,725)**
Other (Note)	**5,381**	**1,431**	**6,812**
Balance as of March 31	**$84,981**	**$12,438**	**$ 97,419**
Ending balance: collectively evaluated for impairment	**34,612**	**5,519**	**40,131**
Ending balance: individually evaluated for impairment	**50,369**	**6,919**	**57,288**

(Note) Other represents mainly changes due to the fluctuation in exchange rates.

Lease receivables by the origination year as of March 31, 2026 and 2025 are as follows.

	2026						
	Origination year (at the end of year: March 31)						
	2025	**2024**	**2023**	**2022**	**2021**	**2020 or before**	**Total**
	(Millions of yen)						
Lease receivables							
Collectively evaluated for impairment	**¥31,231**	**¥21,636**	**¥14,999**	**¥8,473**	**¥2,803**	**¥408**	**¥79,550**
Individually evaluated for impairment	**207**	**188**	**197**	**134**	**165**	**490**	**1,381**
Total	**¥31,438**	**¥21,824**	**¥15,196**	**¥8,607**	**¥2,968**	**¥898**	**¥80,931**

21. Credit Quality of Financial Assets and Allowance for Credit Losses (continued)

	2025						
	Origination year (at the end of year: March 31)						
	2024	2023	2022	2021	2020	2019 or before	Total
	(Millions of yen)						
Lease receivables							
Collectively evaluated for impairment	¥28,118	¥22,900	¥15,290	¥8,237	¥2,769	¥ 444	¥77,758
Individually evaluated for impairment	464	382	293	356	398	601	2,494
Total	¥28,582	¥23,282	¥15,583	¥8,593	¥3,167	¥1,045	¥80,252

	2026						
	Origination year (at the end of year: March 31)						
	2025	2024	2023	2022	2021	2020 or before	Total
	(Thousands of U.S. dollars) *(Note 3)*						
Lease receivables							
Collectively evaluated for impairment	**$195,194**	**$135,225**	**$93,744**	**$52,956**	**$17,519**	**$2,550**	**$497,188**
Individually evaluated for impairment	**1,294**	**1,175**	**1,231**	**838**	**1,031**	**3,062**	**8,631**
Total	**$196,488**	**$136,400**	**$94,975**	**$53,794**	**$18,550**	**$5,612**	**$505,819**

21. Credit Quality of Financial Assets and Allowance for Credit Losses (continued)

Past due lease receivables as of March 31, 2026 and 2025 are as follows.

	2026			
	Past due receivables			
	Greater than 30 days within 90 days	Greater than 90 days	Total	Total finance receivables
	(Millions of yen)			
Lease receivables	**¥215**	**¥646**	**¥861**	**¥80,931**

	2025			
	Past due receivables			
	Greater than 30 days within 90 days	Greater than 90 days	Total	Total finance receivables
	(Millions of yen)			
Lease receivables	¥256	¥876	¥1,132	¥80,252

	2026			
	Past due receivables			
	Greater than 30 days within 90 days	Greater than 90 days	Total	Total finance receivables
	(Thousands of U.S. dollars) *(Note 3)*			
Lease receivables	**$1,344**	**$4,037**	**$5,381**	**$505,819**

22. Revenue

If a contract with a customer includes multiple performance obligations, the transaction price of multiple contracts will be allocated based on the standalone selling price of each individually sold product (if the standalone selling price is not directly observable, then it will be based on an assumed selling price when sold individually).

Costs incurred by the Company in connection with sales incentives related to purchase or promotion of the Company's products are classified as reduction of revenue. Such costs include the estimated cost of promotional discounts and dealer volume rebates. These costs are mainly based on claims from customers / dealers or amount calculated in accordance with agreements to the extent that there is likely to be no significant reversal of cumulative revenue recognized.

Contracts that are expected, at the start of contracts, to be fulfilled within one year from when the Company transfers the promised goods or services to the customer to the time at which the customer issues payment for these goods or services do not include the effect of the time value of money in the promised compensation.

Revenue Recognized from Contracts with Customers and Other Sources

	2026	**2025**	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Revenue recognized from contracts with customers	**¥3,246,392**	¥3,086,826	**$20,289,950**
Revenue recognized from other sources	**110,577**	109,002	**691,106**
Total	**¥3,356,969**	¥3,195,828	**$20,981,056**

Revenue recognized from other sources is revenue recognized from lease commitments.

22. Revenue (continued)

Association between Disaggregated Revenue, Segment Revenue and Timing of Satisfaction of Performance Obligations

The disaggregated revenue by geographic segment, attributed to the locations of the external customers, is as follows:

	2026	2025	2026
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Japan	**¥1,168,682**	¥1,099,302	**$ 7,304,262**
The Americas	**657,898**	646,904	**4,111,863**
Europe	**581,133**	544,628	**3,632,081**
Asia and others	**949,256**	904,994	**5,932,850**
Revenue total	**¥3,356,969**	¥3,195,828	**$20,981,056**

Of revenue for the year ended March 31, 2026, amounts classified as revenue recognized from other sources were ¥55,076 million ($344,225 thousand) for Japan, ¥5,342 million ($33,388 thousand) for the Americas, ¥2,355 million ($14,719 thousand) for Europe, and ¥47,804 million ($298,775 thousand) for Asia and others. Of revenue for the year ended March 31, 2025, amounts classified as revenue recognized from other sources were ¥50,998 million for Japan, ¥4,237 million for the Americas, ¥1,118 million for Europe, and ¥52,649 million for Asia and others.

22. Revenue (continued)

Association between Disaggregated Revenue, Segment Revenue and Timing of Satisfaction of Performance Obligations (continued)

The disaggregated revenue by operating segment is as follows.

The chemical reagents business, which had been included in AF materials, was transferred to LS solutions and accordingly, information for the year ended March 31, 2025 was prepared using the classification method after the changes to the operating segments.

	2026	2025	2026
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Healthcare:			
Medical systems	**¥ 701,556**	¥ 693,241	**$ 4,384,725**
Bio CDMO	**254,140**	219,513	**1,588,375**
LS solutions	**143,229**	135,000	**895,181**
Total	**1,098,925**	1,047,754	**6,868,281**
Electronics:			
Semiconductor materials	**294,561**	250,413	**1,841,006**
AF materials	**161,596**	157,194	**1,009,975**
Total	**456,157**	407,607	**2,850,981**
Business Innovation:			
Office solutions	**482,724**	522,928	**3,017,025**
Business solutions	**356,799**	330,886	**2,229,994**
Graphic communication	**335,277**	344,680	**2,095,481**
Total	**1,174,800**	1,198,494	**7,342,500**
Imaging:			
Consumer imaging	**367,907**	327,963	**2,299,419**
Professional imaging	**259,180**	214,010	**1,619,875**
Total	**627,087**	541,973	**3,919,294**
Revenue total	**¥3,356,969**	¥3,195,828	**$20,981,056**

22. Revenue (continued)

Association between Disaggregated Revenue, Segment Revenue and Timing of Satisfaction of Performance Obligations (continued)

Of revenue for the year ended March 31, 2026, amounts classified as revenue recognized from other sources were ¥4,758 million ($29,738 thousand) for medical systems, ¥3,404 million ($21,275 thousand) for bio CDMO, ¥67,508 million ($421,925 thousand) for office solutions, ¥25,628 million ($160,175 thousand) for business solutions, ¥7,333 million ($45,831 thousand) for graphic communication, and ¥1,946 million ($12,163 thousand) for consumer imaging. Of revenue for the year ended March 31, 2025, amounts classified as revenue recognized from other sources were ¥3,024 million for medical systems, ¥1,987 million for bio CDMO, ¥70,151 million for office solutions, ¥25,145 million for business solutions, ¥6,437 million for graphic communication, and ¥2,258 million for consumer imaging.

(1) Healthcare
In the Healthcare segment, primarily for the sale of materials for medical systems such as X-ray films, revenue is recognized when goods are delivered or shipped to customers, depending on the timing of the transfer of title and risk of loss from the Company to customers. For certain equipment that requires customer acceptance such as digital endoscopes and ultrasound imaging and diagnostic systems, revenue is recognized when equipment is installed and customer acceptance is obtained. In addition, revenue from the provision of maintenance services for medical systems, etc. is recognized when the services are provided to customers. In the bio CDMO business, for certain contracts for which the Company's performance does not create an asset with an alternative use to the Company and under which the Company has an enforceable right to payment for performance completed to date, revenue is recognized for performance completed during the period using a cost-based measure of progress.

(2) Electronics
In the Electronics segment, for the sale of semiconductor materials such as semiconductor processing materials, display materials such as protective films for polarizers, and highly functional materials such as magnetic tapes for computers, revenue is recognized when goods are delivered or shipped to customers, depending on the timing of the transfer of title and risk of loss from the Company to customers.

(3) Business Innovation
In the Business Innovation segment, primarily for certain equipment which requires customer acceptance, including equipment such as digital MFPs and Inkjet Digital Presses, revenue is recognized when equipment is installed and customer acceptance is obtained. In addition, mainly managed print services and business process outsourcing services are provided as services. Revenue from these services is recognized when the services are provided to customers. For the sale of materials for graphic systems such as CTP plates, revenue is recognized when goods are delivered or shipped to customers, depending on the timing of the transfer of title and risk of loss from the Company to customers.

22. Revenue (continued)

Association between Disaggregated Revenue, Segment Revenue and Timing of Satisfaction of Performance Obligations (continued)

(4) Imaging
In the Imaging segment, primarily for the sale of instant photo systems, color films, color paper for photo printing, and digital cameras, revenue is recognized when goods are delivered or shipped to customers, depending on the timing of the transfer of title and risk of loss from the Company to customers. In addition, primarily for the provision of services for photo printing, revenue is recognized when the services are provided to customers.

Contract Balance

The breakdown of contract balances as of March 31, 2026 and 2025 is as follows.

	2026	2025	2026
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Receivables from contracts with customers	**¥687,778**	¥638,561	**$4,298,613**
Contract liabilities	**162,217**	154,967	**1,013,856**
Contract assets	**53,570**	43,664	**334,813**

Contract assets relate to the right to receive consideration. The performance obligations based on the contract have been satisfied, and the contract assets are reclassified to trade accounts receivable when the right to consideration becomes unconditional.

Contract liabilities are the portion of consideration received from the customer prior to satisfaction of the performance obligations based on the contract, and are reclassified to revenue upon satisfaction of the corresponding performance obligations.

Revenue recognized in the years ended March 31, 2026 and 2025 that was included in the contract liability balance at the beginning of each respective year was ¥102,184 million ($638,650 thousand) and ¥81,343 million, respectively.

Revenue recognized in the years ended March 31, 2026 and 2025 from performance obligations satisfied (or partially satisfied) in previous periods was not material.

22. Revenue (continued)

Transaction Price Allocated to Remaining Performance Obligations

As of March 31, 2026, the transaction price allocated to unsatisfied performance obligations for contracts with an individual estimated contract period exceeding one year is ¥1,139,341 million ($7,120,881 thousand). This transaction price primarily relates to contract development and manufacturing organization of biopharmaceuticals and maintenance service contracts for equipment sold to customers. This transaction price is expected to be recognized as revenue over a period of approximately 1 to 10 years. In addition, the relevant disclosure is omitted for contracts with an individual estimated contract period of less than one year.

Assets Recognized from the Costs to Obtain or Fulfill a Contract with a Customer

The Company identifies the portion which is expected to be recoverable of the incremental cost to obtain a contract with a customer and fulfillment cost directly related to the contract as an acquired asset and recognizes it in “Prepaid expenses and other” of “Current assets” and “Other” of “Other assets” in the consolidated balance sheets.

The costs to fulfill contracts capitalized by the Company include expenses for surveys performed to optimize overall print environments of printer devices for offices which are conducted before providing outsourcing services, including maintenance, for printing devices within offices in the Business Innovation segment. These assets are amortized equally over a period of approximately 1 to 10 years based on the estimated contract period. In addition, when the amortization period of the asset to be identified is within one year, practical expedients are applied and the incremental cost of the contract is expensed as incurred.

	2026	**2025**	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Assets recognized from the costs to fulfill contracts	**¥2,208**	¥1,817	**$13,800**
Total	**¥2,208**	¥1,817	**$13,800**

Aggregate amortization expenses for identifiable assets acquired from the cost of contract for the years ended March 31, 2026 and 2025 were ¥633 million ($3,956 thousand) and ¥692 million, respectively.

23. Government Grants

Government grants are recognized when the conditions for receiving the grants are met and reasonable assurance is obtained to receive the grants.

The government grants recognized by the Company are mainly for the purchase of property, plant and equipment. The amount of the grants is directly deducted from the acquisition cost of the assets. The government grants recognized in the years ended March 31, 2026 and 2025 amounted to ¥20,790 million ($129,938 thousand) and ¥16,642 million, respectively, and are included in the acquisition costs of buildings and structures, construction in progress and other items. The government grants are mainly for assisting the Company's investments in the development of its biopharmaceuticals production system and will be paid in cash on the condition that the Company develops and maintains dual-use facilities, which are capable of switching to vaccine production during a pandemic.

24. Segment Information

Operating Segments

The Company's following four operating segments reflect how the Company's Board of Directors, the chief operating decision maker ("CODM"), reviews operating results and makes decisions about resource allocation, and are determined based upon similarity in manufacturing technology, manufacturing processes, distribution methods and markets.

The Healthcare segment develops, manufactures, sells and provides services of equipment and materials for medical systems, contract development and manufacturing organization of biopharmaceuticals, iPS cells (regenerative medicine), drug discovery support such as cell culture media and reagents, pharmaceuticals, cosmetics and supplements, and other related products. The Electronics segment develops, manufactures, sells and provides services of semiconductor materials, display materials, industrial equipment, fine chemicals, and other related products. The Business Innovation segment develops, manufactures, sells and provides services of solutions and services, digital MFPs, equipment and materials for graphic communication, inks and industrial inkjet printheads, and other related products. The Imaging segment develops, manufactures, sells and provides services of instant photo systems, color films, services and equipment for photofinishing, digital cameras, optical devices, and other related products.

The chemical reagents business, which had been included in the AF materials business, have been reclassified from the Electronics segment to the Healthcare segment from the year ended March 31, 2026. Segment information for the year ended March 31, 2025 was prepared using the classification method after the changes to the operating segments.

24. Segment Information (continued)

Operating Segments (continued)

a. Segment profit or loss

	Year ended March 31		
	2026	**2025**	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Revenue:			
Healthcare	**¥1,098,925**	¥1,047,754	**$ 6,868,281**
Electronics	**456,157**	407,607	**2,850,981**
Business Innovation	**1,174,800**	1,198,494	**7,342,500**
Imaging	**627,087**	541,973	**3,919,294**
Total	**3,356,969**	3,195,828	**20,981,056**
Research and development:			
Healthcare	**53,346**	61,279	**333,412**
Electronics	**28,209**	25,179	**176,306**
Business Innovation	**55,406**	54,507	**346,288**
Imaging	**13,366**	13,329	**83,538**
Total	**150,327**	154,294	**939,544**
Other expenses:			
Healthcare	**981,942**	906,593	**6,137,137**
Electronics	**327,065**	307,360	**2,044,156**
Business Innovation	**1,055,682**	1,069,373	**6,598,013**
Imaging	**453,718**	389,430	**2,835,738**
Total	**2,818,407**	2,672,756	**17,615,044**
Operating income:			
Healthcare	**63,637**	79,882	**397,731**
Electronics	**100,883**	75,068	**630,519**
Business Innovation	**63,712**	74,614	**398,200**
Imaging	**160,003**	139,214	**1,000,019**
Total	**388,235**	368,778	**2,426,469**
Corporate expenses	**(38,025)**	(38,623)	**(237,656)**
Consolidated operating income	**350,210**	330,155	**2,188,813**
Other income (expenses)	**16,419**	10,439	**102,618**
Consolidated income before income taxes	**¥ 366,629**	¥ 340,594	**$ 2,291,431**

24. Segment Information (continued)

Operating Segments (continued)

b. Total assets

	March 31		
	2026	**2025**	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Healthcare	**¥3,227,034**	¥2,607,431	**$20,168,963**
Electronics	**821,265**	761,391	**5,132,906**
Business Innovation	**1,469,229**	1,373,286	**9,182,681**
Imaging	**423,126**	364,437	**2,644,538**
Corporate assets	**113,122**	143,363	**707,012**
Consolidated total	**¥6,053,776**	¥5,249,908	**$37,836,100**

c. Other significant items

	Year ended March 31		
	2026	**2025**	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Depreciation and amortization:			
Healthcare	**¥ 74,461**	¥ 62,739	**$ 465,381**
Electronics	**30,677**	28,704	**191,731**
Business Innovation	**45,754**	51,776	**285,963**
Imaging	**17,181**	17,382	**107,381**
Corporate expenses	**4,298**	2,966	**26,863**
Consolidated total	**¥172,371**	¥163,567	**$1,077,319**
Capital expenditures:			
Healthcare	**¥444,685**	¥465,883	**$2,779,281**
Electronics	**38,533**	40,284	**240,831**
Business Innovation	**63,821**	73,035	**398,881**
Imaging	**29,031**	21,602	**181,444**
Corporate expenses	**5,906**	6,377	**36,913**
Consolidated total	**¥581,976**	¥607,181	**$3,637,350**

24. Segment Information (continued)

Operating Segments (continued)

The CODM uses revenue, revenue growth rate, operating income, operating income growth rate, and operating margin to assess segment performance and make decisions about resource allocation. Major items included in other expenses are material expenses and personnel expenses. Corporate expenses in "a. Segment profit or loss", are those expenses related to the Corporate Division of the Company. Corporate assets in "b. Total assets" consist primarily of cash and cash equivalents as well as investment securities held for general corporate-wide purposes. Corporate expenses, in "c. Other significant items", relate to facilities and equipment held by the Company for company-wide purposes. "Capital expenditures" in the above table represent the purchase amount of property, plant and equipment and intangible assets (on goods-receipt basis) by each segment.

Geographic Segments Information

a. Revenue

Revenue from external customers, which are attributed to the location of the customers, for the years ended March 31, 2026 and 2025 are as follows:

	Year ended March 31		
	2026	**2025**	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Japan	**¥1,168,682**	¥1,099,302	**$ 7,304,262**
The Americas	**657,898**	646,904	**4,111,863**
Europe	**581,133**	544,628	**3,632,081**
Asia and others	**949,256**	904,994	**5,932,850**
Consolidated total	**¥3,356,969**	¥3,195,828	**$20,981,056**

Revenue of The Americas is primarily related to operations in the United States.

24. Segment Information (continued)

Geographic Segments Information (continued)

b. Long-lived assets

Long-lived assets as of March 31, 2026 and 2025 are as follows:

	March 31		
	2026	**2025**	**2026**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 3)*
Japan	**¥ 432,956**	¥ 408,084	**$ 2,705,975**
The Americas	**882,660**	643,690	**5,516,625**
Europe	**911,253**	664,752	**5,695,331**
Asia and others	**81,439**	69,949	**508,994**
Consolidated total	**¥2,308,308**	¥1,786,475	**$14,426,925**

Long-lived assets of The Americas are primarily related to operations in the United States.

Long-lived assets in Denmark as of March 31, 2026 and 2025 were ¥696,340 million ($4,352,125 thousand) and ¥494,342 million, respectively.

Major Customers and Other Information

No single customer of the Company accounted for more than 10% of consolidated revenue for each of the years ended March 31, 2026 and 2025.

25. Subsequent Events

Issuance of corporate bonds

Based on the comprehensive resolution at the Board of Directors meeting held on May 22, 2026, the Company issued domestic unsecured corporate bonds in June 2026 to allocate funds for the repayment of borrowings. The outline is as follows.

The 27th Series of Unsecured Corporate Bonds (with inter-bond pari passu clause)

1.	Total amount of issue:	¥10.0 billion ($62,500 thousand)
2.	Issue price:	¥100 ($0.63) per face value of ¥100 ($0.63)
3.	Closing date:	June 11, 2026
4.	Interest rate:	1.800% per annum
5.	Redemption method and maturity date:	The Bonds will be redeemed in full on June 11, 2029

The 28th Series of Unsecured Corporate Bonds (with inter-bond pari passu clause)

1.	Total amount of issue:	¥50.0 billion ($312,500 thousand)
2.	Issue price:	¥100 ($0.63) per face value of ¥100 ($0.63)
3.	Closing date:	June 11, 2026
4.	Interest rate:	2.260% per annum
5.	Redemption method and maturity date:	The Bonds will be redeemed in full on June 11, 2031

The 29th Series of Unsecured Corporate Bonds (with inter-bond pari passu clause)

1.	Total amount of issue:	¥20.0 billion ($125,000 thousand)
2.	Issue price:	¥100 ($0.63) per face value of ¥100 ($0.63)
3.	Closing date:	June 11, 2026
4.	Interest rate:	2.592% per annum
5.	Redemption method and maturity date:	The Bonds will be redeemed in full on June 10, 2033

25. Subsequent Events (continued)

Issuance of corporate bonds (continued)

The 30th Series of Unsecured Corporate Bonds (with inter-bond pari passu clause)

1.	Total amount of issue:	¥20.0 billion ($125,000 thousand)
2.	Issue price:	¥100 ($0.63) per face value of ¥100 ($0.63)
3.	Closing date:	June 11, 2026
4.	Interest rate:	2.990% per annum
5.	Redemption method and maturity date:	The Bonds will be redeemed in full on June 11, 2036

FUJIFILM Holdings Corporation and Subsidiaries

Consolidated Supplementary Schedule

Schedule of Bonds

The information is disclosed in Note 10, “Short-term and Long-term Debt,” to the consolidated financial statements.

Schedule of Borrowings, etc.

The information is disclosed in Note 10, “Short-term and Long-term Debt,” to the consolidated financial statements.

Schedule of Asset Retirement Obligations

This schedule is omitted because the amounts of asset retirement obligations as of the beginning and end of the year ended March 31, 2026 are not material.