GLORY LTD. and Consolidated Subsidiaries

Consolidated Financial Statements for the Year Ended March 31, 2026 and Independent Auditor's Report

1. Consolidated Financial Statements

(1) Consolidated Financial Statements

(i) Consolidated Statement of Financial Position

	Note	Millions of Yen			Thousands of U.S. Dollars
		As of March 31, 2026	As of March 31, 2025	Date of transition (April 1, 2024)	As of March 31, 2026
Assets					
Current assets					
Cash and cash equivalents	7, 19	¥ 50,042	¥ 51,468	¥ 35,472	$ 312,958
Trade and other receivables	8, 19	67,110	66,636	86,157	419,699
Inventories	9	85,459	89,667	103,387	534,452
Other financial assets	11, 19	3,379	2,321	2,634	21,131
Other current assets	10, 26	12,535	9,818	9,889	78,392
Subtotal		218,527	219,913	237,541	1,366,647
Assets held for sale	17	863	–	-	5,397
Total current assets		219,390	219,913	237,541	1,372,045
Non-current assets					
Property, plant and equipment	12	36,110	36,000	36,471	225,828
Right-of-use assets	15	18,764	18,075	17,586	117,348
Goodwill and intangible assets	13	127,457	124,936	125,673	797,104
Investments accounted for using equity method	18	938	462	3,665	5,866
Other financial assets	11, 19	17,927	16,492	16,308	112,113
Deferred tax assets	30	25,110	23,437	23,396	157,035
Other non-current assets	10, 24	6,789	6,348	5,497	42,457
Total non-current assets		233,099	225,753	228,597	1,457,779
Total assets		¥ 452,489	¥ 445,667	¥ 466,139	$ 2,829,824

	Note	Millions of Yen			Thousands of U.S. Dollars
		As of March 31, 2026	As of March 31, 2025	Date of transition (April 1, 2024)	As of March 31, 2026
Liabilities					
Current liabilities					
Trade and other payables	19, 20	¥ 16,782	¥ 19,395	¥ 27,361	$ 104,953
Bonds and borrowings	19, 21	23,204	19,700	43,881	145,115
Lease liabilities	15, 19	7,169	6,570	6,179	44,834
Employee benefits accruals	24	17,162	17,875	21,221	107,329
Other financial liabilities	19, 23	15,228	10,890	11,878	95,234
Income taxes payable	30	1,810	968	11,054	11,319
Other current liabilities	22, 26	49,613	44,295	48,915	310,275
Total current liabilities		130,970	119,696	170,493	819,074
Non-current liabilities					
Bonds and borrowings	19, 21	52,070	59,215	46,761	325,641
Lease liabilities	15, 19	11,553	11,936	11,960	72,251
Employee benefits	24	15,154	19,097	20,943	94,771
Other financial liabilities	19, 23	1,448	8,397	8,193	9,055
Deferred tax liabilities	30	15,263	12,771	11,643	95,453
Other non-current liabilities	22, 26	7,574	8,407	7,426	47,367
Total non-current liabilities		103,064	119,826	106,928	644,552
Total liabilities		234,035	239,523	277,422	1,463,633
Equity					
Share capital	32	12,892	12,892	12,892	80,625
Capital surplus	25, 32	10,669	10,525	10,255	66,722
Retained earnings	32	199,449	188,758	170,580	1,247,335
Treasury shares	32	(20,578)	(7,705)	(8,097)	(128,692)
Other components of equity	32, 34	15,444	901	2,416	96,585
Total equity attributable to owners of parent		217,878	205,373	188,047	1,362,589
Non-controlling interests		576	769	669	3,602
Total equity		218,454	206,143	188,717	1,366,191
Total liabilities and equity		¥ 452,489	¥ 445,667	¥ 466,139	$ 2,829,824

(ii) Consolidated Statement of Profit or Loss

	Note	Millions of yen		Thousands of U.S. Dollars
		Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Revenue	26	¥ 339,582	¥ 368,645	$ 2,123,714
Cost of sales	9	(184,524)	(203,064)	(1,153,996)
Gross profit		155,058	165,580	969,718
Selling, general and administrative expenses	27	(125,735)	(123,140)	(786,335)
Impairment loss	16	(552)	(68)	(3,452)
Other income	28	1,573	1,315	9,837
Other expenses	28	(591)	(1,655)	(3,696)
Operating profit		29,752	42,032	186,066
Finance income	29	790	2,590	4,940
Finance costs	29	(6,361)	(7,498)	(39,781)
Share of profit (loss) of investments accounted for using equity method	18	475	(2,512)	2,970
Profit before tax		24,657	34,612	154,202
Income tax expense	30	(9,056)	(9,720)	(56,635)
Profit		15,601	24,892	97,567
Profit attributable to				
Owners of parent		15,388	24,504	96,235
Non-controlling interests		212	387	1,325
Profit		¥ 15,601	¥ 24,892	$ 97,567
		Yen		U.S. Dollars
Earnings per share	31			
Basic earnings per share		284.71	439.22	1.78
Diluted earnings per share		275.68	431.56	1.72

(iii) Consolidated Statement of Comprehensive Income

	Note	Millions of Yen		Thousands of U.S. Dollars
		Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Profit		¥ 15,601	¥ 24,892	$ 97,567
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit plans	34	683	(134)	4,271
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	34	2,164	437	13,533
Total		2,848	302	17,811
Items that may be reclassified to profit or loss				
Exchange differences on translation of foreign operations	34	13,147	(1,454)	82,220
Total		13,147	(1,454)	82,220
Total other comprehensive income		15,996	(1,151)	100,037
Comprehensive income		¥ 31,597	¥ 23,740	$ 197,604
Comprehensive income attributable to				
Owners of parent		¥ 31,276	¥ 23,362	¥ 195,597
Non-controlling interests		321	378	2,007
Comprehensive income		¥ 31,597	¥ 23,740	$ 197,604

(iv) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2025

	Note	Millions of Yen							
		Shareholders' equity							
		Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total	Non-controlling interests	Total equity
Balance at beginning of period		¥ 12,892	¥ 10,255	¥ 170,580	¥ (8,097)	¥ 2,416	¥ 188,047	¥ 669	¥ 188,717
Profit		–	–	24,504	–	–	24,504	387	24,892
Other comprehensive income		–	–	–	–	(1,141)	(1,141)	(9)	(1,151)
Total		–	–	24,504	–	(1,141)	23,362	378	23,740
Dividends of surplus	33	–	–	(6,685)	–	–	(6,685)	(293)	(6,978)
Share-based payment transactions	25	–	120	–	–	–	120	–	120
Increase (decrease) by business combination	6	–	–	–	–	–	–	2	2
Changes in ownership interest in subsidiaries		–	–	(13)	–	–	(13)	13	(0)
Purchase of treasury shares	32	–	–	–	(4,332)	–	(4,332)	–	(4,332)
Disposal of treasury shares	32	–	150	–	4,724	–	4,874	–	4,874
Transfer from other components of equity to retained earnings	34	–	–	372	–	(372)	–	–	–
Total transactions with owners		–	270	(6,325)	391	(372)	(6,036)	(278)	(6,314)
Balance at end of period		¥ 12,892	¥ 10,525	¥ 188,758	¥ (7,705)	¥ 901	¥ 205,373	¥ 769	¥ 206,143

Fiscal year ended March 31, 2026

	Note	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total	Non-controlling interests	Total equity
		Millions of Yen							
		Shareholders' equity							
Balance at beginning of period		¥ 12,892	¥ 10,525	¥ 188,758	¥ (7,705)	¥ 901	¥ 205,373	¥ 769	¥ 206,143
Profit		–	–	15,388	–	–	15,388	212	15,601
Other comprehensive income		–	–	–	–	15,887	15,887	108	15,996
Total		–	–	15,388	–	15,887	31,276	321	31,597
Dividends of surplus	33	–	–	(6,043)	–	–	(6,043)	(365)	(6,409)
Share-based payment transactions	25	–	146	–	–	–	146	–	146
Increase (decrease) by business combination		–	–	–	–	–	–	–	–
Changes in ownership interest in subsidiaries		–	(2)	–	–	–	(2)	(148)	(150)
Purchase of treasury shares	32	–	–	–	(13,481)	–	(13,481)	–	(13,481)
Disposal of treasury shares	32	–	–	–	608	–	608	–	608
Transfer from other components of equity to retained earnings	34	–	–	1,345	–	(1,345)	–	–	–
Total transactions with owners		–	144	(4,697)	(12,872)	(1,345)	(18,771)	(514)	(19,286)
Balance at end of period		¥ 12,892	¥ 10,669	¥ 199,449	¥ (20,578)	¥ 15,444	¥ 217,878	¥ 576	¥ 218,454

	Note	Thousands of U.S. Dollars							
		Shareholders' equity							
		Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total	Non-controlling interests	Total equity
Balance at beginning of period		$ 80,625	$ 65,822	$ 1,180,475	$ (48,186)	$ 5,634	$ 1,284,383	$ 4,809	$ 1,289,199
Profit		–	–	96,235	–	–	96,235	1,325	97,567
Other comprehensive income		–	–	–	–	99,355	99,355	675	100,037
Total		–	–	96,235	–	99,355	195,597	2,007	197,604
Dividends of surplus	33	–	–	(37,792)	–	–	(37,792)	(2,282)	(40,081)
Share-based payment transactions	25	–	913	–	–	–	913	–	913
Increase (decrease) by business combination		–	–	–	–	–	–	–	–
Changes in ownership interest in subsidiaries		–	(12)	–	–	–	(12)	(925)	(938)
Purchase of treasury shares	32	–	–	–	(84,308)	–	(84,308)	–	(84,308)
Disposal of treasury shares	32	–	–	–	3,802	–	3,802	–	3,802
Transfer from other components of equity to retained earnings	34	–	–	8,411	–	(8,411)	–	–	–
Total transactions with owners		–	900	(29,374)	(80,500)	(8,411)	(117,392)	(3,214)	(120,612)
Balance at end of period		$ 80,625	$ 66,722	$ 1,247,335	$ (128,692)	$ 96,585	$ 1,362,589	$ 3,602	$ 1,366,191

(v) Consolidated Statement of Cash Flows

	Note	Millions of Yen		Thousands of U.S. Dollars
		Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from operating activities				
Profit before tax		¥ 24,657	¥ 34,612	$ 154,202
Depreciation and amortization		20,394	20,174	127,542
Impairment losses		552	68	3,452
Interest and dividend income		(569)	(449)	(3,558)
Interest expenses		2,380	2,576	14,884
Share of loss (profit) of investments accounted for using equity method		(475)	2,512	(2,970)
Loss (gain) on sale and retirement of fixed assets		70	136	437
Decrease (increase) in trade and other receivables		890	19,167	5,565
Decrease (increase) in inventories		7,586	13,266	47,442
Increase (decrease) in trade and other payables		(4,872)	(7,299)	(30,469)
Increase (decrease) in employee benefits		(4,987)	(5,230)	(31,188)
Other		6,048	(7,166)	37,823
Subtotal		51,676	72,370	323,176
Interest and dividends received		591	443	3,696
Interest paid		(2,350)	(2,654)	(14,696)
Income taxes paid		(7,136)	(18,848)	(44,627)
Net cash provided by (used in) operating activities		42,780	51,310	267,542
Cash flows from investing activities				
Purchase of property, plant and equipment		(4,492)	(4,954)	(28,092)
Proceeds from sale of property, plant and equipment		7	145	43
Purchase of intangible assets		(3,856)	(4,590)	(24,115)
Purchase of other financial assets		(54)	(331)	(337)
Proceeds from sale of other financial assets		1,305	855	8,161
Proceeds from dividend of investment partnership		223	1,756	1,394
Payments for acquisition in subsidiaries resulting in change in scope of consolidation		–	(2,655)	–
Other		107	(50)	669
Net cash provided by (used in) investing activities		(6,758)	(9,825)	(42,263)
Cash flows from financing activities				
Net increase (decrease) in short-term borrowings	36	(76)	(23,072)	(475)
Proceeds from long-term borrowings	36	–	5,245	–
Repayments of long-term borrowings	36	(4,946)	(8,103)	(30,931)
Repayments of lease liabilities	36	(6,525)	(6,137)	(40,806)

	Note	Millions of Yen		Thousands of U.S. Dollars
		Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Proceeds from issuance of bonds	36	–	14,125	–
Dividends paid to owners of parent	33	(6,045)	(6,681)	(37,804)
Dividends paid to non-controlling interests		(365)	(293)	(2,282)
Purchase of treasury shares		(13,481)	(4,332)	(84,308)
Proceeds from sale of treasury shares		–	4,331	–
Payments for acquisition of interests in subsidiaries from non-controlling interests		(7,024)	–	(43,927)
Other		(517)	–	(3,233)
Net cash provided by (used in) financing activities		(38,984)	(24,918)	(243,802)
Effect of exchange rate changes on cash and cash equivalents		1,535	(570)	9,599
Net increase (decrease) in cash and cash equivalents		(1,426)	15,996	(8,918)
Cash and cash equivalents at beginning of period		51,468	35,472	321,876
Cash and cash equivalents at end of period	7	¥ 50,042	¥ 51,468	$ 312,958

Notes to Consolidated Financial Statements

1. REPORTING ENTITY

GLORY LTD. (the “Company”) is a company resident in Japan. The address of its registered head office is Himeji, Hyogo. The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (the “Group”) as well as its interests in associates of the Group. The principal activities of the Group are manufacturing, sales and maintenance of money handling machines and self-service equipment, and the provision of electronic payment services, biometric authentication solutions, robot SI services and other services.

2. BASIS OF PREPARATION

(1) Compliance with IFRS Accounting Standards and first-time adoption thereof

The Group’s consolidated financial statements have been prepared as per International Financial Reporting Standards (“IFRS”) Accounting Standards, in accordance with the provisions set forth in Article 312 of the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements, as the Group satisfies the requirements of a “specified company complying with designated international accounting standards” prescribed in Article 1-2, (i) of the Regulation.

The Group adopted IFRS Accounting Standards for the first time for the fiscal year ended March 31, 2026, with the date of transition to IFRS Accounting Standards set for April 1, 2024. The effect of the transition to IFRS Accounting Standards on the Group’s financial position, operating results, and cash flows as of the date of transition and for comparative years is stated in “Note 41. FIRST-TIME ADOPTION OF IFRS.”

Except for provisions of IFRS Accounting Standards that have not been early adopted and exemptions permitted under IFRS 1 *First-time Adoption of International Financial Reporting Standards* (“IFRS 1”), the Group’s accounting policies comply with IFRS Accounting Standards effective as of March 31, 2026. The exemptions applied are stated in “Note 41. FIRST-TIME ADOPTION OF IFRS.”

The Group’s consolidated financial statements for the fiscal year ended March 31, 2026 were approved on September 11, 2026, by Yukihiro Fujikawa, Executive Officer.

(2) Basis of measurement

The Group’s consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value and assets and liabilities related to post-employment benefit plans, as stated in “Note 3. SIGNIFICANT ACCOUNTING POLICIES.”

(3) Functional currency and presentation currency

The Group’s consolidated financial statements are presented in Japanese yen, which is the Company’s functional currency. Japanese yen figures less than one million yen are rounded down to the nearest million yen and U.S. dollar figures less than one thousand dollars are rounded down to the nearest thousand dollars, except for per share data. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥159.90 to $1, the rate of exchange at March 31, 2026. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

(4) Significant accounting estimates and judgements

In preparing the consolidated financial statements in accordance with IFRS Accounting Standards, management makes judgments, accounting estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. These estimates and assumptions are based on management’s best judgment, taking into account past experience and various factors deemed reasonable as of the end of the period. However, given their nature, actual results in the future may differ from these estimates and

assumptions.
Estimates and their underlying assumptions are continuously reviewed. The effect of revisions to these estimates is recognized in the fiscal period in which the estimates were revised and in future fiscal periods.

Judgments, estimates, and assumptions made by management that have a significant effect on the amounts recognized in the consolidated financial statements are as follows:

・ Valuation of inventories

Inventories are measured at cost. However, if the net realizable value as of the end of a reporting period falls below the acquisition cost, inventories are measured at the net realizable value and the difference between the acquisition cost and the net realizable value is recorded under cost of sales as a loss on valuation. Net realizable value is the estimated selling price in the normal course of operation less the estimated cost until completion and the estimated cost required for sale.
In addition, for slow-moving inventories that fall out of the normal operating cycle, a loss on valuation computed based on an internally established rule is recorded according to their age after the last receipt.
In the event that market conditions deteriorate more than anticipated and the net realizable value declines significantly, losses may occur.
Details of the amounts of inventories and inventory write-downs are as stated in “Note 9. INVENTORIES.”

・ Valuation of financial instruments

In measuring the fair value of certain financial instruments, the Group uses a valuation method that applies unobservable inputs in the market. These unobservable inputs are subject to future uncertainty, such as changes in economic conditions. If a reassessment of these inputs is required, it could have a material impact on the consolidated financial statements.
Details of the fair value measurement of certain financial instruments are as stated in “Note 19. FINANCIAL INSTRUMENTS.”

・ Discounted cash flow forecasts for impairment testing on non-financial assets

The Group performs impairment testing on property, plant, and equipment, right-of-use assets, intangible assets, and goodwill in accordance with “Note 3. SIGNIFICANT ACCOUNTING POLICIES (10) Impairment of non-financial assets.” In calculating recoverable amounts at impairment testing, the Group makes assumptions on future cash flows, discount rates, and other factors.
These assumptions are made based on management’s best estimates and judgments. However, they may be affected by future uncertainty, such as changes in future economic conditions. If a revision is required, it could have a material impact on the consolidated financial statements.
Details of the impairment testing are as stated in “Note 16. IMPAIRMENT OF NON-FINANCIAL ASSETS.”

・ Post-employment benefits

Defined benefit obligations are calculated using a pension actuarial method, and the assumptions underlying these calculations include estimates of discount rate, turnover rate, mortality rate, and salary increase rate. These assumptions may be affected by future uncertainties, such as changes in economic conditions or social circumstances. If a revision is required, it could have a material impact on the consolidated financial statements.
Details of the measurement of defined benefit obligations are as stated in “Note 3. SIGNIFICANT ACCOUNTING POLICIES (12) Employee benefits” and “Note 24. EMPLOYEE BENEFITS.”

・ Recoverability of deferred tax assets

Among deferred tax assets, the recoverability of tax loss carryforwards and deductible temporary differences is determined based on future taxable income. Estimates of such taxable income may be affected by future uncertainties, such as changes in economic conditions. If the timing or amount of actual taxable income differs from these estimates, it could have a material impact on the consolidated financial statements.

Details of the recoverability of deferred tax assets are as stated in “Note 3. SIGNIFICANT ACCOUNTING POLICIES (17) Income taxes” and “Note 30. INCOME TAXES.”

3. SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the accounting policies described below apply to all periods presented in the consolidated financial statements.

(1) Basis of consolidation

1) Subsidiaries

A subsidiary refers to an entity controlled by the Group. The Group controls an entity when the Group has power over the investee, exposure, or rights, to variable returns from its involvement with the investee, and the ability to affect those returns through its power over the investee.

Financial statements of a subsidiary are included in the consolidated financial statements from the date on which the Group obtains control of the subsidiary until the date on which it loses control of the subsidiary. Changes in ownership interest in a subsidiary that do not result in loss of control are accounted for as equity transactions. If the Group loses control of the subsidiary, it recognizes gains or losses resulting from the loss of control in profit or loss. When the Group retains an equity interest in a former subsidiary, the interest retained is measured at fair value as of the date of loss of control. Intra-group balances of receivables and payables, and transactions, and unrealized gains or losses arising from intra-group transactions are eliminated in the preparation of the consolidated financial statements.

When the end of the reporting period of a subsidiary is different from that of the parent, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary.

2) Associates

An associate refers to an entity over which the Group has significant influence in financial and operating policies but not control or joint control. Investments in associates are accounted for using the equity method.

Investments in associates are recognized at cost, including transaction costs. The Company’s investments include the amount equivalent to goodwill recognized at the time of acquisition. The Group’s share of the profit or loss and other comprehensive income of associates from the date on which the Group obtains significant influence until the date on which it loses the influence is recognized as a change in the amount of the investments in associates.

The accounting policies of entities accounted for using the equity method are adjusted, where necessary, to ensure consistency with those applied by the Group.

When the reporting date of an associate differs from that of the Company, the Group uses financial statements prepared based on provisional settlement of accounts as of the reporting date for the consolidated financial statements.

(2) Business combinations

Business combinations are accounted for using the acquisition method.

The consideration for acquisition is measured as the aggregate of the acquisition-date fair values of the assets transferred, the liabilities assumed, and the equity interests issued by the acquirer. The acquiree’s identifiable assets and liabilities are measured at the acquisition-date fair value, except for deferred tax assets and liabilities, assets and liabilities related to employee benefit arrangements, and other items specified in IFRS 3 *Business Combinations* as exceptions to fair value measurement.

Goodwill is measured as the excess of the aggregate of the consideration for acquisition, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets and liabilities. When the difference is negative, the Group recognizes the resulting amount in profit or loss.

Acquisition-related costs incurred to complete a business combination are expensed as incurred.

If the initial accounting for a business combination is uncompleted by the end of the reporting period in which the combination occurs, the items for which the accounting is incomplete are recorded using provisional amounts. If information about facts and circumstances that existed as of the acquisition date is obtained during the period in which it would have affected the measurement of the amount recognized, had it been known at the time of acquisition (the “measurement period”), the Group retrospectively adjusts the provisional amounts recognized as of the acquisition date to reflect such information. Additional assets and liabilities may be recognized as a result of newly obtained information. The measurement period shall not exceed one year from the acquisition date.

For each transaction, the Group chooses whether non-controlling interests are measured at fair value or at the proportionate share of the recognized amounts of identifiable net assets.

(3) Foreign currency translation

1) Foreign currency transactions

Each company of the Group has designated its own functional currency, and transactions of each company are measured in its functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions or rates that approximate them.

Foreign currency monetary items are translated into the functional currency using the exchange rate at the end of a reporting period. Non-monetary items that are measured at fair value in a foreign currency are translated into functional currency using the exchange rate at the date when the fair value was measured. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Exchange differences arising from translation are generally recognized in profit or loss and presented as finance income or finance costs. However, exchange differences arising from translation of equity instruments that are measured at fair value and recognized in other comprehensive income are recognized in other comprehensive income.

2) Foreign operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from acquisition, are translated into the presentation currency using the exchange rate at the end of a reporting period. Revenue and expenses of foreign operations are translated using the average exchange rate for the period, unless there are significant fluctuations in exchange rates. Exchange differences on translation of the financial statements of foreign operations are recognized in other comprehensive income, and the cumulative amount is included in the differences on translation of foreign operations, except for the portion allocated to non-controlling interests. The cumulative translation differences of foreign operations are reclassified to profit or loss in the period in which the foreign operations are disposed of.

(4) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits that can be withdrawn at any time, and short-term investments that are readily convertible to cash, subject to insignificant risk of changes in value, and due within three months from the date of acquisition.

(5) Inventories

Inventories are measured at the lower of cost and net realizable value. Costs include the purchase costs, processing costs, and all other costs incurred in bringing inventories to the current location and condition. In calculating costs, the Group uses the periodic average method for finished goods and work in progress, and the moving-average method for merchandise, raw materials, and supplies. Net realizable value is the estimated selling price in the normal course of operation less the estimated cost until completion and the estimated cost required for sale. In addition, for slow-moving inventories that fall out of the normal operating cycle, a loss on valuation computed based on an internally established rule is recorded according to their age after the last receipt.

(6) Property, plant and equipment

Property, plant and equipment are accounted for using the cost model and are recorded at cost less accumulated depreciation and accumulated impairment losses.

Costs include costs directly attributable to the acquisition of the asset, costs related to demolition, removal, and restoration to original condition, and borrowing costs that should be capitalized.

Depreciation of each of assets other than land and construction in progress is computed by the straight-line method over an estimated useful life of the asset. The estimated useful lives for major asset categories are as follows:

・Buildings and structures	3 through 50 years
・Machinery, equipment and vehicles	4 through 7 years
・Tools, furniture and fixtures	2 through 20 years

The estimated useful lives, residual values, and depreciation methods are reviewed at the end of each fiscal year and any changes are applied prospectively as changes in accounting estimates.

(7) Goodwill and intangible assets

1) Goodwill

Goodwill is presented at cost less accumulated impairment losses. Goodwill is not amortized and impairment testing is performed every year and whenever there is any indication of impairment. Impairment losses are recognized in profit or loss if any and not reversed thereafter.

Details of the measurement of goodwill at initial recognition are stated in (2) Business combinations.

2) Intangible assets

Intangible assets are accounted for using the cost model and recorded at cost less accumulated amortization and accumulated impairment losses.

Separately acquired intangible assets are measured at cost upon initial recognition. Costs of intangible assets acquired through business combinations are measured at the acquisition-date fair value.

Expenditures on research activities conducted to gain new scientific or technical knowledge are expensed when incurred. Expenditures on development activities are recognized as intangible assets when all of the following criteria are met: 1) the Group's ability to measure the expenditures reliably, 2) the technical and commercial feasibility of completing the intangible asset, 3) high probability of the intangible asset generating future economic benefits, 4) the Group's intention to use or sell the intangible asset, and 5) the availability of adequate resources to use or sell the intangible asset. The amount to be recognized is the aggregate of the expenditures incurred from the date on which all of the above recognition criteria are first met through to the completion of development.

Intangible assets with finite useful lives are amortized by the straight-line method over the estimated useful lives. The estimated useful lives of major intangible assets are as follows:

・Software	5 years
・Development assets	5 years
・Customer relationships	5 through 20 years
・Other intangible assets	5 through 15 years

The estimated useful lives, residual values, and amortization methods are reviewed at the end of each fiscal year and any changes are applied prospectively as changes in accounting estimates.

Intangible assets with indefinite useful lives and intangible assets that are not yet available for use are not amortized but tested for impairment every year and whenever there is any indication of impairment.

(8) Financial instruments

1) Non-derivative financial assets

(i) Initial recognition and measurement

Among financial assets, the Group initially recognizes trade and other receivables on the date they arise and other financial assets on the date on which it becomes a party to the contract. Upon initial recognition, financial assets are first classified as follows and then measured at fair value. Upon initial recognition, financial assets, except for those measured at fair value through profit or loss, are measured at fair value plus transaction costs.

(Financial assets measured at amortized cost)

The Group classifies financial assets as those measured at amortized cost if both of the following conditions are met:

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

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

The Group classifies equity instruments for which an irrevocable election was made at initial recognition to present subsequent changes in fair value in other comprehensive income as those measured at fair value through other comprehensive income.

(Financial assets measured at fair value through profit or loss)

The Group classifies financial assets other than those measured at amortized cost and equity instruments measured at fair value through other comprehensive income as those measured at fair value through profit or loss.

(ii) Subsequent measurement

After initial recognition, financial assets are measured as follows in accordance with their classification.

(Financial assets measured at amortized cost)

After initial recognition, financial assets measured at amortized cost are measured using the effective interest method.

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

After initial recognition, equity instruments measured at fair value through other comprehensive income are measured at fair value, and changes in fair value are recognized in other comprehensive income. Dividend income from such a financial asset is recognized in profit or loss.

(Financial assets measured at fair value through profit or loss)

After initial recognition, financial assets measured at fair value through profit or loss are measured at fair value, and changes in fair value are recognized in profit or loss.

(iii) Derecognition

Financial assets are derecognized when contractual rights to cash flows from the financial assets expire, or when contractual rights to receive cash flows generated from the financial assets are transferred and when all the risks and rewards of the ownership of those financial assets are transferred. When equity instruments measured at fair value through other comprehensive income are derecognized, the amount recognized in other comprehensive income is transferred directly to retained earnings.

2) Impairment of financial assets

The Group recognizes allowance for doubtful accounts for financial assets measured at amortized cost and expected credit losses on contract assets and lease receivables.

The Group assesses at the end of each fiscal year whether the credit risk has increased significantly since initial recognition. The Group determines whether the credit risk has increased significantly since initial recognition based on changes in default risk, and whether there has been a change in default risk by taking into account downgrades in internal credit ratings, deterioration in the financial performance of counterparties, and information regarding past-due payments.

If a specific financial asset is determined to have low credit risk as of the end of a fiscal year, the Group determines that credit risk associated with the financial asset has not increased significantly since initial recognition.

If credit risk associated with a financial asset has increased significantly since initial recognition, or in case of a credit-impaired financial asset, the Group recognizes the lifetime expected credit losses as allowance for doubtful accounts. If credit risk has not increased significantly, the Group recognizes the expected credit losses over a 12-month period as allowance for doubtful accounts. Expected credit losses are measured based on the discounted present value of the difference between the contractual cash flows due under the contract and the cash flows expected to be received.

For trade receivables, contract assets, and lease receivables, allowance for doubtful accounts is recognized in an amount equal to the lifetime expected credit losses, regardless of whether there has been a significant change in credit risk since initial recognition.

The reversal amount of allowance for doubtful accounts, in cases where the allowance is added or reduced for financial assets, is recognized in profit or loss. The Group directly reduces the gross carrying amount of a financial asset if it has no reasonable expectations of recovering all or part of the financial asset.

3) Non-derivative financial liabilities

(i) Initial recognition and measurement

The Group initially recognizes non-derivative financial liabilities on the date on which it becomes a party to the contract and classifies them as those measured at amortized cost or those measured at fair value through profit or loss.

While financial liabilities are initially measured at fair value, financial liabilities measured at amortized cost are measured at fair value less directly attributable transaction costs.

(ii) Subsequent measurement

(a) Financial liabilities measured at amortized cost

After initial recognition, financial liabilities measured at amortized cost are measured at amortized cost using the effective interest method.

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

After initial recognition, financial liabilities measured at fair value through profit or loss are measured at fair value, and changes in fair value are recognized in profit or loss.

(iii) Derecognition

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

4) Derivatives and hedge accounting

The Group uses derivatives, including foreign exchange forward contracts and interest rate swaps, to manage the risks of exchange rate and interest rate fluctuations. The Group initially recognizes derivatives at fair value at the time it becomes a party to the contract, and subsequently remeasures them at fair value. Changes in fair value are recognized in profit or loss.

Derivatives are not subject to hedge accounting. The Group classifies derivatives as financial instruments measured at fair value through profit or loss.

5) Offsetting financial assets and financial liabilities

The Group offsets financial assets and financial liabilities and presents the net amount in the consolidated statement of financial position only if the Group has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

(9) Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease. The Group determines that a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

1) Lessee

Right-of-use assets are accounted for using the cost model and are measured at cost less accumulated depreciation and accumulated impairment losses. The acquisition cost is initially measured at the time of the initial measurement of the lease liability by adjusting the lease payments made prior to the lease commencement date and other initial direct costs. In addition, for contracts that include both lease and non-lease components, the Group accounts for the lease and non-lease components as a single lease component without distinguishing between them. Right-of-use assets are depreciated by the straight-line method over the shorter of the estimated useful life or the lease term.

The Group initially measures lease liabilities at present value of unpaid lease payments as of the commencement date, discounted using the interest rate implicit in the lease. When the effective interest rate of a lease cannot be readily determined, the Group uses the incremental borrowing rate, and typically, the Group uses it as the discount rate. After the commencement date, the carrying amount is adjusted using the effective interest method to reflect the interest on the lease liability and the lease payments made. Lease payments are allocated to finance costs and repayment portions of the lease liability in such a way that the interest rate on the outstanding lease liability remains constant. Finance costs are presented separately from depreciation of right-of-use assets in the consolidated statement of profit or loss.

The lease term is estimated by taking into account the existence of extension options that are reasonably certain to be exercised or termination options that are reasonably certain not to be exercised during the non-cancellable period of the lease, the possibility of renewal, and the existence of cancellation penalties.

For leases with a term of 12 months or less and leases for which underlying assets are of low value, the Group does not recognize the right-of-use assets or lease liabilities, but it recognizes lease payments as an expense using the straight-line method over the lease term.

2) Lessor

The Group classifies leases that transfer substantially all the risks and reward benefits of ownership of assets to the lessee as finance leases, and classifies all other leases as operating leases.

In finance lease transactions, assets held under finance leases are recognized in the consolidated statement of financial position as of the lease commencement date and recorded as receivables at an amount equal to the net investments in lease. Lease payments received are classified into principal recovery and amount equal to interest income, and the amount equal to interest income is recognized as revenue in the consolidated statement of profit or loss.

In operating lease transactions, the relevant assets are recorded on the consolidated balance sheet, and lease payments received are recognized as revenue in the consolidated income statement over the lease term.

(10) Impairment of non-financial assets

The Group determines at each reporting date whether there is any indication that any non-financial asset, except for inventories, deferred tax assets, and assets related to employee benefits, may be impaired. In case that there is an indication of impairment, the Group performs impairment testing. However, the Group performs impairment testing on goodwill, intangible assets with indefinite useful lives, and intangible assets that are not yet available for use every year or whenever there is any indication of impairment.

A cash generating unit is defined as the smallest identifiable group of assets that generates cash inflows largely independent of other assets or groups of assets. Goodwill arising from business combinations is allocated to the cash generating units or groups of cash generating units from which synergies are expected to be realized. As corporate-level assets do not generate independent cash inflows, if there is any indication of impairment in such assets, the Group performs impairment testing based on the recoverable amount of the cash generating unit to which the assets belong.

The recoverable amount is measured at the higher of fair value less costs of disposal and value in use. Estimated future cash flows in assessing the value in use of an asset are discounted to present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset.

If the carrying amount of an asset or a cash generating unit exceeds its recoverable amount, an impairment loss is recognized in profit or loss, and the carrying amount of the asset is reduced to its recoverable amount. Impairment losses recognized in relation to a cash generating unit or a group of cash generating units are first allocated to reduce the carrying amount of goodwill allocated to the unit, and then allocated proportionally based on the carrying amount of other assets within the cash generating unit.

The Group reverses impairment losses when there is any indication that a previously recognized impairment loss should be reversed and the recoverable amount of an asset or a cash generating unit exceeds its carrying amount. The reversal amount of impairment losses is recognized in profit or loss, up to the carrying amount after depreciation, assuming no impairment loss had been recognized in prior years. The Group does not reverse impairment losses on goodwill.

(11) Non-current assets held for sale and discontinued operations

The Group classifies non-current assets or disposal groups as held for sale if their carrying amount will be recovered principally through sale rather than through continuing use. For an asset or disposal group to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable, and it is only classified as held for sale when the Group's management is committed to a plan to sell it and its sale is expected to be completed within one year. After classified as held for sale, the asset or disposal group is measured at the lower of its carrying amount and fair value less costs to sell, and is not subject to depreciation or amortization.

The Group classifies a business which is defined as a unit for making management decisions as a discontinued operation if it has already been sold or if it meets the criteria for classification as held for sale.

(12) Employee benefits

1) Post-employment benefits

The Company and certain consolidated subsidiaries have adopted defined benefit and defined contribution plans as retirement benefit plans for their employees.

(i) Defined benefit plans

Liabilities or assets related to defined benefit plans are calculated at present value of defined benefit obligations for each plan less fair value of plan assets. The amount recognized as an asset based on this calculation is capped at present value of future economic benefits available from the plan, such as refunds or reductions in future contributions.

The present value of defined benefit plan obligations, and the related current service cost and past service cost are calculated using the projected unit credit method.

A discount period is set based on a period until an estimated date of future benefit payments, and a discount rate is calculated based on market yields on high-quality corporate bonds as of the end of the fiscal year that match the discount period.

Net interest on the current service cost and net defined benefit liability is recognized in profit and loss.

Changes resulting from remeasurements of defined benefit plans are recognized in other comprehensive income in the period in which they occur and are immediately transferred to retained earnings. Past service cost is recognized in profit or loss when it occurs.

(ii) Defined contribution plans

Contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods in which employees render the related services.

2) Short-term employee benefits

Short-term employee benefits are not discounted and are recognized as an expense when related services are rendered. The Group recognizes the amount estimated to be paid as a liability when it has a present legal or constructive obligation to make such payments in return for past services rendered by employees and a reliable estimate of the amount can be made.

3) Other long-term employee benefits

Liabilities for long-term employee benefits other than post-employment benefits are calculated by discounting the future benefits earned by employees in exchange for services rendered in prior and current years to their present value.

(13) Share-based payment

The Group has adopted a stock incentive plan for directors and an incentive plan for executive officers and other personnel as part of its equity-settled share-based payment. Under this plan, the services received are measured at fair value of the Company's shares on the grant date, and recognized as an expense over the vesting period with an equal amount recognized as an increase in equity. Fair value of the Company's shares as of the grant date is based on observable market prices, and estimated dividends are factored into the fair value measurement.

(14) Equity

1) Share capital and capital surplus

The Company recognizes issue price of equity instruments issued by it in share capital and capital surplus. Costs directly attributable to the issuance are deducted from capital surplus.

2) Treasury shares

Treasury shares are measured at cost and deducted from equity. The Company does not recognize gains or losses on purchase, sale, or cancellation of treasury shares. Difference between the carrying amount and the consideration received upon disposal is recognized in capital surplus.

(15) Revenue

The Group recognizes revenue from contracts with customers by applying the following five-step approach, except for interest and dividend income and other items under IFRS 9 *Financial Instruments* and lease income under IFRS 16 *Leases*:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the Group satisfies a performance obligation

The Group's businesses consist of the Financial, Retail and Transportation, Amusement, Overseas and Other

segments. In each market, the Group manufactures and sells products and provides maintenance services.
As control of these products typically transfer to customers when they are installed at and accepted by the customer, performance obligations of the Company are satisfied at that time. Accordingly, revenue is recognized when these products are delivered at the customer's sites. For maintenance service contracts whose performance obligations are satisfied over time, revenue is recognized in the amount of consideration promised in the contract with the customer over the contract term on a straight-line basis.
Revenue is measured in an amount of consideration promised in the contracts with customers less discount, etc. and the consideration for sales of products is received within approximately 90 days after a performance obligation is satisfied. The amount of consideration promised does not include any significant financing components.
When the consideration for sales of such products is received as advances, or when the consideration for the transaction associated with such maintenance contracts is received in a lump sum in advance, contract liabilities are recognized until the performance obligation is satisfied.

(16) Finance income and finance costs
Finance income consists primarily of interest income, dividend income, foreign exchange gains, and changes in fair value of financial assets and liabilities measured at fair value through profit and loss. Interest income is recognized as earned using the effective interest method. Dividend income is recognized when the Group's right to receive it is established.
Financial costs consist primarily of interest expense, foreign exchange losses, and changes in fair value of financial assets and liabilities measured at fair value through profit and loss. Interest expense is recognized as incurred using the effective interest method.

(17) Income taxes
Income taxes consist of current tax and deferred tax and are recognized in profit or loss, except for items associated with business combinations and items directly recognized in equity or other comprehensive income.

1) Current tax
Current tax is calculated based on taxable income for a fiscal year and at the amount expected to be paid to or recovered from the taxation authorities. The amount is calculated based on the tax rates and tax laws that have been enacted or substantively enacted by the end of a fiscal year in the countries where the Group conducts business and generates taxable income.

2) Deferred tax
Deferred tax assets and liabilities are recognized for temporary differences between the carrying amounts of assets and liabilities for accounting purposes and their tax bases as of the end of a fiscal year, as well as for tax loss carryforwards and tax credit carryforwards.
Deferred tax assets are recognized for deductible temporary differences, tax loss carryforwards and tax credit carryforwards to the extent that it is probable that future taxable profit will be available against which they can be utilized, while deferred tax liabilities are, in principle, recognized for all taxable temporary differences.
Carrying amount of deferred tax assets is reviewed every year and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed every year and are recognized to the extent that it has become probable that they will be recovered based on future taxable income.
Deferred tax assets or liabilities are not recognized for the following temporary differences:

- taxable temporary differences arising from the initial recognition of goodwill;
- temporary differences arising from initial recognition of an asset or liability in a transaction which is not a business combination; affects neither accounting profit nor taxable profit; does not give rise to equal taxable and deductible temporary differences;
- taxable temporary differences associated with investments in subsidiaries and associates when the Group is able

to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deductible temporary differences associated with investments in subsidiaries and associates when it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are calculated based on the tax rates and tax laws that have been enacted or substantively enacted by the end of a fiscal year, using the tax rates expected to apply in the period in which the assets are realized or the liabilities are settled.

Deferred tax assets and liabilities are offset if the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and the deferred tax assets and the deferred tax liabilities related to income taxes levied by the same taxation authority on either the same taxable entity, or different taxable entities which intend either to settle current tax assets and liabilities on a net basis, or to realize the current tax assets and settle the current tax liabilities simultaneously.

The Group recognizes a reasonable estimate as an asset or liability for uncertain income tax positions when it is probable, based on interpretations of tax laws, that such tax positions will arise.

The Company and certain subsidiaries have adopted the group tax sharing system.

The Group applies the temporary exception provided in IAS 12 *Income Taxes*, and therefore does not recognize or disclose deferred tax assets or liabilities related to Pillar Two income taxes.

(18) Earnings per share

Basic earnings per share is calculated by dividing profit or loss attributable to common shareholders of the parent by the weighted average number of common shares outstanding during the period, adjusted for the number of treasury shares for each reporting period.

Diluted earnings per share is calculated by adjusting the effect of all dilutive potential common shares. The Company's potential common shares are related to the performance-based stock incentive plan.

(19) Borrowing costs

For assets that necessarily take a substantial period of time to become available for their intended use or sale, the Group capitalizes borrowing costs that occur directly attributable to acquisition, construction, or production of such assets as part of the cost of the assets. The Group recognizes all other borrowing costs as an expense in the period in which they occur.

4. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Among the published standards and interpretations that were issued or revised before the approval date of the consolidated financial statements, the major ones that have not been early adopted by the Group are as shown below. The impact of adopting them is under review.

<table>
<tr><th colspan="2">IFRS Accounting Standards</th><th>Date of mandatory adoption
(fiscal years starting on or after)</th><th>Scheduled time of adoption by the Group</th><th>Overviews of new establishment or revision</th></tr>
<tr><td>IFRS 9</td><td>Financial Instruments</td><td rowspan="2">January 1, 2026</td><td rowspan="2">Fiscal year ending March 31, 2027</td><td rowspan="2">Revisions to the criteria for classifying financial assets and derecognizing financial liabilities, and disclosures regarding investments in equity instruments</td></tr>
<tr><td>IFRS 7</td><td>Financial Instruments: Disclosures</td></tr>
<tr><td>IFRS 18</td><td>Presentation and Disclosure in Financial Statements</td><td>January 1, 2027</td><td>Fiscal year ending March 31, 2028</td><td>A new standard replacing IAS 1, the current accounting standard on presentation and disclosure in financial statements</td></tr>
</table>

5. SEGMENT INFORMATION

(1) Summary of reportable segments

The Company's reportable segments are based on those units within the Company where separate financial information is available and where the Board of Directors periodically reviews matters such as the distribution of management resources and financial performance.

The Group operates business activities after formulating comprehensive strategies for the products and services in each market.

Accordingly, the Group is comprised of market-specific segments and has established the "Financial market," "Retail and Transportation market," "Amusement market," and "Overseas market," as its four reportable segments.

A summary of each reportable segment is as follows:

Financial market:	Sales and maintenance services to financial institutions, OEM clients and others in Japan.
Retail and Transportation market:	Sales and maintenance services to supermarkets, department stores, food & beverage, cash-in-transit companies, railroad companies, hospitals, local governments, and others in Japan.
Amusement market:	Sales and maintenance services to amusement halls (pachinko parlors) and others in Japan.
Overseas market:	Sales and maintenance services to financial institutions, global retailer, food & beverage, cash-in-transit companies, and others in overseas.

(2) Revenue and operating results by reportable segment

The accounting methods for the reportable segments conform to the accounting policies of the Group described in "Note 3. SIGNIFICANT ACCOUNTING POLICIES." The amount of segment profit (loss) is based on operating profit (loss). The intersegment revenue and transfers are based on prevailing market prices.

Fiscal year ended March 31, 2025

	Millions of Yen								
	Reportable segments					Other (Note)	Total	Reconciliation	Amounts reported on the consolidated financial statements
	Financial market	Retail and Transportation market	Amusement market	Overseas market	Total				
Revenue									
Revenue to external customers	¥ 54,432	¥ 69,708	¥ 27,448	¥ 210,051	¥ 361,641	¥ 7,004	¥ 368,645	¥ –	¥ 368,645
Intersegment revenue and transfers	–	–	–	–	–	–	–	–	–
Total	54,432	69,708	27,448	210,051	361,641	7,004	368,645	–	368,645
Segment profit (loss)	7,872	8,723	7,732	18,018	42,346	(313)	42,032	–	42,032
Finance income	–	–	–	–	–	–	–	–	2,590
Finance costs	–	–	–	–	–	–	–	–	7,498
Share of profit (loss) of investments accounted for using equity method	–	–	–	–	–	–	–	–	(2,512)
Profit before tax	–	–	–	–	–	–	–	–	34,612
Others									
Depreciation and amortization	2,740	3,535	845	12,811	19,932	242	20,174	–	20,174
Impairment losses	–	68	–	–	68	–	68	–	68

Note: “Other” segment is a business segment not included in the reportable segments, and includes sales to Japanese coin-operated parking lot operators and new businesses.

Fiscal year ended March 31, 2026

	Millions of Yen								
	Reportable segments					Other (Note)	Total	Reconciliation	Amounts reported on the consolidated financial statements
	Financial market	Retail and Transportation market	Amusement market	Overseas market	Total				
Revenue									
Revenue to external customers	¥ 37,062	¥ 57,637	¥ 21,088	¥ 216,091	¥ 331,879	¥ 7,703	¥ 339,582	¥ –	¥ 339,582
Intersegment revenue and transfers	–	–	–	–	–	–	–	–	–
Total	37,062	57,637	21,088	216,091	331,879	7,703	339,582	–	339,582
Segment profit (loss)	3,909	0	5,123	21,107	30,141	(388)	29,752	–	29,752
Finance income	–	–	–	–	–	–	–	–	790
Finance costs	–	–	–	–	–	–	–	–	6,361
Share of profit (loss) of investments accounted for using equity method	–	–	–	–	–	–	–	–	475
Profit before tax	–	–	–	–	–	–	–	–	24,657
Others									
Depreciation and amortization	2,424	3,742	928	13,011	20,106	288	20,394	–	20,394
Impairment losses	–	552	–	–	552	–	552	–	552

Note: “Other” segment is a business segment not included in the reportable segments, and includes sales to Japanese coin-operated parking lot operators and new businesses.

	Thousands of U.S. Dollars								
	Reportable segments					Other (Note)	Total	Reconciliation	Amounts reported on the consolidated financial statements
	Financial market	Retail and Transportation market	Amusement market	Overseas market	Total				
Revenue									
Revenue to external customers	$ 231,782	$ 360,456	$ 131,882	$ 1,351,413	$ 2,075,540	$ 48,173	$ 2,123,714	$ –	$ 2,123,714
Intersegment revenue and transfers	–	–	–	–	–	–	–	–	–
Total	231,782	360,456	131,882	1,351,413	2,075,540	48,173	2,123,714	–	2,123,714
Segment profit (loss)	24,446	0	32,038	132,001	188,499	(2,426)	186,066	–	186,066
Finance income	–	–	–	–	–	–	–	–	4,940
Finance costs	–	–	–	–	–	–	–	–	39,781
Share of profit (loss) of investments accounted for using equity method	–	–	–	–	–	–	–	–	2,970
Profit before tax	–	–	–	–	–	–	–	–	154,202
Others									
Depreciation and amortization	15,159	23,402	5,803	81,369	125,741	1,801	127,542	–	127,542
Impairment losses	–	3,452	–	–	3,452	–	3,452	–	3,452

Note: “Other” segment is a business segment not included in the reportable segments, and includes sales to Japanese coin-operated parking lot operators and new businesses.

(3) Information about products and services

Revenue from external customers by product and service was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Money Handling Machines and Cash Management Systems	¥ 277,678	¥ 289,232	$ 1,736,572
Vending Machines and Automatic Service Equipment	37,558	47,506	234,884
Other Merchandises and Products	24,346	31,906	152,257
Total	¥ 339,582	¥ 368,645	$ 2,123,714

(4) Information about geographical areas

Revenue from external customers by geographical area was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Japan	¥ 123,491	¥ 158,594	$ 772,301
Asia	17,041	19,163	106,572
United States of America	81,429	85,133	509,249
Americas Excluding United States of America	17,550	15,741	109,756
Europe	100,070	90,013	625,828
Total	¥ 339,582	¥ 368,645	$ 2,123,714

Note: Revenue is classified by country or region based on the location of customers.

Carrying amounts of non-current assets, excluding financial assets, investments accounted for using equity method, deferred tax assets, and post-employment benefit assets, by geographical were as follows:

	Millions of Yen			Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	Date of transition (April 1, 2024)	As of March 31, 2026
Japan	¥ 47,645	¥ 48,295	¥ 43,396	$ 297,967
Asia	4,442	4,152	4,373	27,779
United States of America	23,398	23,515	25,375	146,328
Americas Excluding United States of America	1,242	1,158	1,409	7,767
United Kingdom	83,734	81,880	83,527	523,664
Other regions in Europe	28,482	26,253	26,968	178,123
Total	¥ 188,946	¥ 185,255	¥ 185,050	$ 1,181,651

(5) Information about major customers

There are no transactions with any single external customer that account for 10% or more of the Group’s revenue.

6. BUSINESS COMBINATIONS

Fiscal year ended March 31, 2025

Business combination through acquisition

(1) Outline of the transaction

1) Name of acquired entity and details of business

Name of the acquired entity:	Showcase Gig Inc.
Details of business:	Provision of the next-generation store creation platform “O:der Platform”

2) Principal reason for the business combination

The purposes of the business combination are to further accelerate the creation and realization of “customers’ new experiences” that the market demands by speeding up decision-making in the business strategies of both companies and complementarily integrating their resources and assets, while also expanding DX solution businesses that can contribute further to society by solving social issues such as labor shortages.

The Group will strengthen the integration of O:der Platform by Showcase Gig Inc. (“SCG”) with the Company’s next-generation business solution for restaurants, TOFREE (*1), and customer behavior data analysis service, BUYZO (*2). Leveraging SCG’s comprehensive services, including consultation, planning, development, and operation in its business design business, we will create new, high-value-added solutions in the data business field.

*1 TOFREE is an operational management solution for restaurants that integrates software and hardware, online and offline.

*2 BUYZO is a sales promotion support service using real-time behavioral data that was launched for the fiscal year ended March 31, 2022.

3) Date of business combination

October 11, 2024

4) Method by which the acquirer obtained control of the acquiree

Share acquisition in exchange for cash

5) Share of equity acquired

Before the acquisition:	17.80%
Addition upon the acquisition:	81.78%
After the acquisition:	99.58%

6) Fair value of consideration for acquisition

Fair value at the date of business combination of shares held immediately prior to the business combination	¥637 million
Cash paid for the additional acquisition	¥3,641 million
Consideration for acquisition	¥4,279 million

(2) Details and amounts of the primary acquisition related expenses

Advisory compensation, fees, etc.: ¥53 million

The amount above is included in “Selling, general and administrative expenses” on the consolidated income statement.

(3) Loss on step acquisition

As a result of the remeasurement of the equity interest of 17.8% in SCG that the Company held immediately prior to the acquisition date at its fair value as of the acquisition date, the Company recognized loss on step acquisition of ¥53 million arising from the business combination. This loss is included in “Other expenses” on the consolidated statement of profit or loss.

(4) Amounts of assets acquired and liabilities assumed on the business combination date

	Millions of Yen
Cash and cash equivalents	¥ 986
Trade and other receivables	117
Intangible assets	1,361
Other	485
Total assets	2,951
Trade and other payables	18
Bonds and borrowings	300
Deferred tax liabilities	470
Other	703
Total liabilities	1,492

(5) Non-controlling interests

The non-controlling interest recognized as of the acquisition date was ¥2 million. The non-controlling interest is measured based on the non-controlling shareholders' ownership interest of 0.42% in the acquiree's identifiable net assets.

(6) Amount of the goodwill incurred

Amount of goodwill: ¥2,822 million

Factors that make up the goodwill

The goodwill arising from the business combination was recorded in the "Retail and Transportation market" segment and reflects the future excess earning power expected from future business development. No amount of goodwill is expected to be deductible for tax purposes.

(7) Impact on the Group's financial performance

SCG's revenue and net income for the period beginning on the acquisition date that was included in the fiscal year ended March 31, 2025, amounted to ¥562 million and ¥54 million, respectively.

(8) Pro forma information

Profit and loss information, assuming this business combination was completed on April 1, 2024, is omitted as its impact on the consolidated statement of profit or loss is immaterial.

Fiscal year ended March 31, 2026

Not applicable.

7. CASH AND CASH EQUIVALENT

The breakdown of cash and cash equivalents was as follows:

	Millions of Yen			Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	Date of transition (April 1, 2024)	As of March 31, 2026
Cash and cash equivalent	¥ 50,042	¥ 51,468	¥ 35,472	$ 312,958
Total	¥ 50,042	¥ 51,468	¥ 35,472	$ 312,958

Notes: 1. The balance of "Cash and cash equivalent" in the consolidated statement of financial position agree with the balance of "Cash and cash equivalent" in the consolidated statement of cash flows.

2. The figures include cash used exclusively for quality assessment of money handline machines, which are

the Group's main products, and restrictions have been placed on the use of these funds for purposes such as investment management and repayment of borrowings. The balance of such cash was ¥3,185 million ($19,918 thousand) as of March 31, 2026, ¥3,800 million as of March 31, 2025, and ¥3,063 million as of the date of transition.

8. TRADE AND OTHER RECEIVABLES

The breakdown of trade and other receivables was as follows:

	Millions of Yen			Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	Date of transition (April 1, 2024)	As of March 31, 2026
Receivables-Trade notes and Receivables-Trade accounts (Note)	¥ 64,855	¥ 63,526	¥ 81,389	$ 405,597
Electronically recorded monetary claims - operating (Note)	1,873	2,091	3,849	11,713
Lease receivables	1,731	2,357	2,806	10,825
Allowance for doubtful accounts	(1,349)	(1,339)	(1,887)	(8,436)
Total	¥ 67,110	¥ 66,636	¥ 86,157	$ 419,699

Note: Financial assets other than lease receivables are classified as financial assets measured at amortized cost.

9. INVENTORIES

The breakdown of inventories was as follows:

	Millions of Yen			Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	Date of transition (April 1, 2024)	As of March 31, 2026
Merchandise and finished goods	¥ 41,677	¥ 41,868	¥ 52,992	$ 260,644
Work in process	8,625	8,805	12,614	53,939
Raw materials and supplies	35,156	38,994	37,780	219,862
Total	¥ 85,459	¥ 89,667	¥ 103,387	$ 534,452

Note: The amounts of inventories recognized as an expense and included in cost of sales for the fiscal years ended March 31, 2026 and 2025, were ¥100,661 million ($629,524 thousand) and ¥115,387 million, respectively. The amounts of write-downs (reversal) of inventories for the fiscal years ended March 31, 2026 and 2025, were ¥(239) million ($(1,494) thousand) and ¥(1,132) million, respectively.

10. OTHER ASSETS

The breakdown of other assets was as follows:

	Millions of Yen			Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	Date of transition (April 1, 2024)	As of March 31, 2026
Prepaid expenses	¥ 4,956	¥ 3,279	¥ 3,471	$ 30,994
Contract assets	2,875	2,965	4,378	17,979
Assets related to overseas tax benefit rights and others	7,909	7,192	5,214	49,462
Other	3,583	2,728	2,321	22,407
Total	¥ 19,324	¥ 16,167	¥ 15,386	$ 120,850
Current assets	¥ 12,535	¥ 9,818	¥ 9,889	$ 78,392
Non-current assets	6,789	6,348	5,497	42,457
Total	¥ 19,324	¥ 16,167	¥ 15,386	$ 120,850

11. OTHER FINANCIAL ASSETS

The breakdown of other financial assets was as follows:

	Millions of Yen			Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	Date of transition (April 1, 2024)	As of March 31, 2026
Accounts receivable - other	¥ 4,160	¥ 3,134	¥ 3,301	$ 26,016
Lease deposits, guarantee deposits and membership fees	3,250	3,008	3,030	20,325
Derivative assets	48	56	91	300
Equity instruments	10,690	8,995	9,304	66,854
Other	3,158	3,619	3,214	19,749
Total	¥ 21,307	¥ 18,814	¥ 18,942	$ 133,252
Current assets	¥ 3,379	¥ 2,321	¥ 2,634	$ 21,131
Non-current assets	17,927	16,492	16,308	112,113
Total	¥ 21,307	¥ 18,814	¥ 18,942	$ 133,252

12. PROPERTY, PLANT AND EQUIPMENT

Changes in carrying amount, cost, and accumulated depreciation and accumulated impairment losses of property, plant, and equipment were as follows:

	Millions of Yen					
Carrying amount	Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
BALANCE, APRIL 1, 2024 (Date of transition)	¥ 15,000	¥ 2,478	¥ 6,743	¥ 11,771	¥ 477	¥ 36,471
Acquisition	975	1,070	1,821	14	629	4,510
Acquisition through business combination	–	–	1	–	–	1
Depreciation (Note)	(1,312)	(931)	(2,885)	–	–	(5,129)
Sale or disposal	(10)	(63)	(50)	(30)	(30)	(184)
Account transfer	68	191	943	–	(754)	448
Exchange translation differences	(47)	(18)	(38)	(7)	(6)	(117)
BALANCE, MARCH 31, 2025	14,673	2,728	6,535	11,747	314	36,000
Acquisition	687	786	1,705	49	628	3,857
Acquisition through business combination	–	–	–	–	–	–
Depreciation (Note)	(1,311)	(904)	(2,595)	–	–	(4,810)
Sale or disposal	(8)	(127)	(43)	–	(0)	(180)
Account transfer	138	366	847	3	(753)	603
Exchange translation differences	357	82	123	69	7	640
BALANCE, MARCH 31, 2026	¥ 14,538	¥ 2,932	¥ 6,573	¥ 11,870	¥ 196	¥ 36,110

Carrying amount	Thousands of U.S. Dollars					
	Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
BALANCE, MARCH 31, 2025	$ 91,763	$ 17,060	$ 40,869	$ 73,464	$ 1,963	$ 225,140
Acquisition	4,296	4,915	10,662	306	3,927	24,121
Acquisition through business combination	–	–	–	–	–	–
Depreciation (Note)	(8,198)	(5,653)	(16,228)	–	–	(30,081)
Sale or disposal	(50)	(794)	(268)	–	(0)	(1,125)
Account transfer	863	2,288	5,297	18	(4,709)	3,771
Exchange translation differences	2,232	512	769	431	43	4,002
BALANCE, MARCH 31, 2026	$ 90,919	$ 18,336	$ 41,106	$ 74,233	$ 1,225	$ 225,828

Note: Depreciation for property, plant, and equipment is included in “Cost of sales” and “Selling, general and administrative expenses” on the consolidated statement of profit or loss.

Cost	Millions of Yen					
	Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
BALANCE, APRIL 1, 2024 (Date of transition)	¥ 42,295	¥ 16,746	¥ 55,406	¥ 11,771	¥ 477	¥ 126,696
BALANCE, MARCH 31, 2025	42,569	17,075	54,180	11,747	314	125,888
BALANCE, MARCH 31, 2026	¥ 43,878	¥ 17,370	¥ 53,919	¥ 11,870	¥ 196	¥ 127,235

Cost	Thousands of U.S. Dollars					
	Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
BALANCE, MARCH 31, 2026	$ 274,409	$ 108,630	$ 337,204	$ 74,233	$ 1,225	$ 795,716

Accumulated depreciation and accumulated impairment losses	Millions of Yen					
	Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
BALANCE, APRIL 1, 2024 (Date of transition)	¥ (27,295)	¥ (14,267)	¥ (48,662)	–	–	¥ (90,225)
BALANCE, MARCH 31, 2025	(27,895)	(14,347)	(47,644)	–	–	(89,887)
BALANCE, MARCH 31, 2026	¥ (29,340)	¥ (14,438)	¥ (47,345)	–	–	¥ (91,124)

Accumulated depreciation and accumulated impairment losses	Thousands of U.S. Dollars					
	Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
BALANCE, MARCH 31, 2026	$ (183,489)	$ (90,293)	$ (296,091)	–	–	$ (569,881)

13. GOODWILL AND INTANGIBLE ASSETS

(1) Changes

Changes in carrying amount, cost, and accumulated amortization and accumulated impairment losses of goodwill and intangible assets were as follows:

Carrying amount	Millions of Yen					
	Goodwill	Intangible assets				
		Software	Development assets	Customer relationships	Other	Total
BALANCE, APRIL 1, 2024 (Date of transition)	¥ 71,332	¥ 4,787	¥ 4,794	¥ 36,710	¥ 8,047	¥ 54,340
Acquisition	–	2,110	2,495	–	–	4,606
Acquisition through business combination	2,822	–	–	249	1,111	1,361
Amortization (Note)	–	(1,760)	(1,391)	(3,659)	(1,399)	(8,212)
Impairment losses	–	(68)	–	–	–	(68)
Sale or disposal	–	(79)	(592)	–	–	(671)
Account transfer	–	82	–	–	0	82
Exchange translation differences	(466)	(6)	(37)	(199)	52	(190)
BALANCE, MARCH 31, 2025	73,688	5,066	5,267	33,101	7,812	51,247
Acquisition	–	1,796	2,119	–	–	3,916
Acquisition through business combination	–	–	–	–	–	–
Amortization (Note)	–	(1,761)	(1,334)	(3,693)	(1,475)	(8,264)
Impairment losses	(552)	–	–	–	–	–
Sale or disposal	–	(20)	(416)	–	–	(437)
Account transfer	–	109	47	–	(3)	153
Transfer to assets held for sale	–	(186)	(676)	–	–	(863)
Exchange translation differences	5,519	45	253	2,363	385	3,048
BALANCE, MARCH 31, 2026	¥ 78,656	¥ 5,049	¥ 5,261	¥ 31,771	¥ 6,718	¥ 48,801

Carrying amount	Thousands of U.S. Dollars					
	Goodwill	Intangible assets				
		Software	Development assets	Customer relationships	Other	Total
BALANCE, MARCH 31, 2025	$ 460,838	$ 31,682	$ 32,939	$ 207,010	$ 48,855	$ 320,494
Acquisition	–	11,232	13,252	–	–	24,490
Acquisition through business combination	–	–	–	–	–	–
Amortization (Note)	–	(11,013)	(8,342)	(23,095)	(9,224)	(51,682)
Impairment losses	(3,452)	–	–	–	–	–
Sale or disposal	–	(125)	(2,601)	–	–	(2,732)
Account transfer	–	681	293	–	(18)	956
Transfer to assets held for sale	–	(1,163)	(4,227)	–	–	(5,397)
Exchange translation differences	34,515	281	1,582	14,777	2,407	19,061
BALANCE, MARCH 31, 2026	$ 491,907	$ 31,575	$ 32,901	$ 198,692	$ 42,013	$ 305,196

Note: Amortization for intangible assets is included in “Cost of sales” and “Selling, general and administrative expenses” on the consolidated statement of profit or loss.

Cost	Millions of Yen					
	Goodwill	Intangible assets				
		Software	Development assets	Customer relationships	Other	Total
BALANCE, APRIL 1, 2024 (Date of transition)	¥ 73,570	¥ 26,824	¥ 9,927	¥ 60,676	¥ 20,451	¥ 117,880
BALANCE, MARCH 31, 2025	75,926	28,053	10,539	60,280	21,465	120,338
BALANCE, MARCH 31, 2026	¥ 81,446	¥ 29,349	¥ 10,938	¥ 64,944	¥ 23,619	¥ 128,852

Cost	Thousands of U.S. Dollars					
	Goodwill	Intangible assets				
		Software	Development assets	Customer relationships	Other	Total
BALANCE, MARCH 31, 2026	$ 509,355	$ 183,545	$ 68,405	$ 406,153	$ 147,711	$ 805,828

Accumulated depreciation and accumulated impairment losses	Millions of Yen					
	Goodwill	Intangible assets				
		Software	Development assets	Customer relationships	Other	Total
BALANCE, APRIL 1, 2024 (Date of transition)	¥ (2,237)	¥ (22,037)	¥ (5,133)	¥ (23,965)	¥ (12,403)	¥ (63,539)
BALANCE, MARCH 31, 2025	(2,237)	(22,987)	(5,271)	(27,179)	(13,652)	(69,091)
BALANCE, MARCH 31, 2026	¥ (2,790)	¥ (24,300)	¥ (5,676)	¥ (33,172)	¥ (16,900)	¥ (80,050)

Accumulated depreciation and accumulated impairment losses	Thousands of U.S. Dollars					
	Goodwill	Intangible assets				
		Software	Development assets	Customer relationships	Other	Total
BALANCE, MARCH 31, 2026	$ (17,448)	$ (151,969)	$ (35,497)	$ (207,454)	$ (105,691)	$ (500,625)

(2) Significant intangible assets

The significant intangible assets recorded in the consolidated statement of financial position were as follows:

Date of transition (as of March 31, 2024)

	Carrying amount (Millions of Yen)	Average remaining amortization period (Years)
Customer relationships	¥ 36,710	11.8

The significant intangible assets recorded as of the date of transition include customer relationships recognized when Glory Global Solutions Ltd. (currently, Glory Global Solutions (International) Ltd.) acquired Talaris Topco Limited (currently, Glory Global Solutions (International) Ltd.) (carrying amount: ¥16,213 million; remaining amortization period: 8.3 years) and customer relationships recognized when Glory Global Solutions (International) Ltd. acquired Flooid Topco Limited (currently, Flooid Midco Limited) (carrying amount: ¥9,972 million; remaining amortization period: 19.8 years).

Fiscal year ended March 31, 2025 (as of March 31, 2025)

	Carrying amount (Millions of Yen)	Average remaining amortization period (Years)
Customer relationships	¥ 33,101	11.0

The significant intangible assets recorded for the fiscal year ended March 31, 2025 include customer relationships recognized when Glory Global Solutions Ltd. (currently, Glory Global Solutions (International) Ltd.) acquired Talaris Topco Limited (currently, Glory Global Solutions (International) Ltd.) (carrying amount: ¥14,078 million; remaining amortization period: 7.3 years) and customer relationships recognized when Glory Global Solutions (International) Ltd. acquired Flooid Topco Limited (currently, Flooid Midco Limited) (carrying amount: ¥9,598 million; remaining amortization period: 18.8 years).

Fiscal year ended March 31, 2026 (as of March 31, 2026)

	Carrying amount (Millions of Yen)	Carrying amount (Thousands of U.S. Dollars)	Average remaining amortization period (Years)
Customer relationships	¥ 31,771	$198,692	10.2

The significant intangible assets recorded for the fiscal year ended March 31, 2026 include customer relationships recognized when Glory Global Solutions Ltd. (currently, Glory Global Solutions (International) Ltd.) acquired Talaris Topco Limited (currently, Glory Global Solutions (International) Ltd.) (carrying amount: ¥12,978 million ($81,163 thousand); remaining amortization period: 6.3 years) and customer relationships recognized when Glory Global Solutions (International) Ltd. acquired Flooid Topco Limited (currently, Flooid Midco Limited) (carrying amount: ¥9,716 million ($60,762 thousand); remaining amortization period: 17.8 years).

(3) Research and development expenditures

Research and development expenditures recognized as an expense in the fiscal years ended March 31, 2026 and 2025, were ¥18,827 million ($117,742 thousand) and ¥17,946 million, respectively.

14. COMMITMENTS

Commitments regarding the acquisition of property, plant, and equipment and intangible assets after the end of each fiscal year were as follows:

	Millions of Yen			Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	Date of transition (April 1, 2024)	As of March 31, 2026
Acquisition of property, plant, and equipment	¥ 785	¥ 1,572	¥ 1,683	$ 4,909
Acquisition of intangible assets	918	1,045	560	5,741
Total	¥ 1,703	¥ 2,617	¥ 2,243	$ 10,650

15. LEASES

(1) Lessee

The Group primarily leases buildings and structures, including offices, commercial warehouses, vehicles, company housing, and employee dormitories, as well as machinery, equipment, and vehicles. Some contracts include options to extend or terminate the lease for a specified period after the initial term expires, and others include provisions for rent adjustments during the lease term.

Some lease agreements for buildings and structures include an extension option that the Group may exercise between six months and one year prior to the end of the non-cancellable period. Office lease agreements are subject to the Act on Land and Building Leases and the Group therefore may renew the agreement upon expiration unless the lessor has a valid reason to refuse renewal. Only the Group may exercise the right to renew the agreement and the lessor cannot exercise this right. The Group assesses, on the lease commencement date, whether it is reasonably certain that the right to renew the contract will be exercised. The Group reviews whether it is reasonably certain that the option will be exercised if a significant event occurs or a significant change in circumstances takes place within the scope of the Group’s control.

The Group may sublease some of the leased properties under operating or finance leases.

The vehicle leases include short-term leases and the Group does not recognize right-of-use assets or lease liabilities for such leases.

Residual value guarantees, restrictions or limitations imposed by leases, leases that the lessee has contracted but have not yet commenced, and sale and leaseback transactions are immaterial.

The breakdown of right-of-use assets as of the date of transition, March 31, 2025, and March 31, 2026, was as follows:

	Millions of Yen				
	Type of underlying assets				
	Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land	Total
BALANCE, APRIL 1, 2024 (Date of transition)	¥ 11,594	¥ 5,016	¥ 353	¥ 621	¥ 17,586
BALANCE, MARCH 31, 2025	11,432	5,756	318	567	18,075
BALANCE, MARCH 31, 2026	¥ 11,739	¥ 6,373	¥ 307	¥ 344	¥ 18,764

	Thousands of U.S. Dollars				
	Type of underlying assets				
	Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land	Total
BALANCE, MARCH 31, 2026	$ 73,414	$ 39,856	$ 1,919	$ 2,151	$117,348

Increases in right-of-use assets, lease-related expenses and cash outflows for the fiscal years ended March 31, 2026 and 2025, were as follows.

	Millions of Yen		Thousands of U.S. Dollars
	Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Depreciation charge for right-of-use assets			
Buildings and structures	¥ 4,383	¥ 4,288	$ 27,410
Machinery, equipment and vehicles	2,291	2,072	14,327
Tools, furniture and fixtures	174	172	1,088
Land	154	171	963
Total depreciation charge for right-of-use assets	7,002	6,705	43,789
Interest expense on lease liabilities	573	556	3,583
Expense related to short-term leases	397	209	2,482
Expense related to leases of low-value assets	7	6	43
Cash outflows for leases	7,503	6,911	46,923
Increase in right-of-use assets	6,948	7,597	43,452

The maturity analysis of lease liabilities as of date of transition, March 31, 2025 and 2026, is as stated in “Note 19. FINANCIAL INSTRUMENTS.”

(2) Lessor

1) Finance leases

The Group is engaged in the leasing of amusement-related equipment and coin-operated lockers.

Profit or loss related to finance leases was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Selling profit or loss	¥ 141	¥215	$ 881
Finance income on the net investment in the lease	137	93	856

The maturity analysis for finance leases based on future undiscounted lease payments as of March 31, 2026 and 2025, and the date of transition was as follows:

	Millions of Yen			Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	Date of transition (April 1, 2024)	As of March 31, 2026
Within one year	¥ 1,170	¥ 1,325	¥ 1,521	$ 7,317
After one year through two years	829	1,065	1,172	5,184
After two years through three years	582	605	711	3,639
After three years through four years	286	356	313	1,788
After four years through five years	95	97	99	594
After five years	21	24	17	131
Total	2,985	3,475	3,835	18,667
Less: Unearned finance income	287	256	242	1,794
Net investment in the lease	¥ 2,698	¥ 3,218	¥ 3,593	$ 16,873

2) Operating leases

The Group is engaged in the leasing of some properties and some pieces of machinery.

Income from operating leases was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Lease income	¥ 1,069	¥ 1,049	$ 6,685

The maturity analysis for operating leases based on future undiscounted lease payments as of March 31, 2026 and 2025, and the date of transition was as follows:

	Millions of Yen			Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	Date of transition (April 1, 2024)	As of March 31, 2026
Within one year	¥ 744	¥ 720	¥ 728	$ 4,652
After one year through two years	564	537	518	3,527
After two years through three years	456	454	410	2,851
After three years through four years	326	361	353	2,038
After four years through five years	137	238	281	856
After five years	195	161	268	1,219
Total	¥ 2,425	¥ 2,474	¥ 2,562	$ 15,165

16. IMPAIRMENT OF NON-FINANCIAL ASSETS

(1) Impairment losses

The breakdown of assets for which impairment losses were recognized by type was as follows.

	Millions of Yen		Thousands of U.S. Dollars
	Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Goodwill	¥ 552	¥ –	$ 3,452
Intangible assets	–	68	–

Fiscal year ended March 31, 2025

In the Retail and Transportation market segment, the Group had previously recorded development costs for business support services for the retail industry under software. However, since revenue from this business is no longer expected, an impairment loss was recorded. The recoverable amount of the software is measured based on its value in use. However, since no future cash flows are expected, the recoverable amount has been calculated as zero.

Fiscal year ended March 31, 2026

The Group recognized an impairment loss related to goodwill associated with Showcase Gig Inc., which belongs to the Retail and Transportation market segment. This is because, following a review of the business plan, the Group determined that the originally anticipated revenue could no longer be realized, and therefore reduced the carrying amount to the recoverable amount. The recoverable amount is measured based on value in use, and the pre-tax discount rate used to calculate the value in use was 16.61%.

(2) Impairment testing on goodwill

The Group performs impairment testing on the goodwill every year or whenever there are indications of impairment. The recoverable amount used in the impairment testing is calculated based on value in use.

Goodwill arising from a business combination is allocated to the cash generating unit or group of cash generating units from which synergies are expected to be realized.

Carrying amounts of goodwill were as follows:

	Millions of Yen			Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	Date of transition (April 1, 2024)	As of March 31, 2026
Retail and Transportation market	¥ 2,270	¥ 2,822	¥ –	$ 14,196
Overseas market	76,385	70,865	71,332	477,704
Total	¥ 78,656	¥ 73,688	¥ 71,332	$ 491,907

1) Goodwill arising from the acquisition of Talaris Topco Limited (currently, Glory Global Solutions (International) Ltd.) by Glory Global Solutions Ltd. (currently, Glory Global Solutions (International) Ltd.) and the acquisition of Revolution Retail Systems, LLC (currently, Glory Global Solutions Inc.) by Glory Global Solutions Inc.

		Millions of Yen			Thousands of U.S. Dollars
Cash generating unit	Segment name	As of March 31, 2026	As of March 31, 2025	Date of transition (April 1, 2024)	As of March 31, 2026
Glory Global Solutions (International) Ltd.	Overseas market	¥ 48,186	¥ 45,062	¥ 45,604	$ 301,350

The Group measures the recoverable amounts of the cash generating units to which the goodwill is allocated based on its value in use. The value in use is calculated using the discounted present value of future cash flows approved by management, reflecting historical experience and external information. The future cash flows are based on a three-year medium-term management plan. For the periods beyond the medium-term management plan, the Group uses positive growth rates in the assumption that the Group will continue to grow. The growth rate used for the assumption that the Group will continue to grow is determined considering the long-term average growth rate of the countries where the cash generating unit belongs, which was 2.72% as of the date of transition, 2.45% for the fiscal year ended March 31, 2025, and 2.48% for the fiscal year ended March 31, 2026. In addition, the pre-tax discount rate used for calculating value in use is determined based on the weighted average capital cost of the cash generating unit, which was 10.03% as of the date of transition, 12.54% for the fiscal year ended March 31, 2025, and 10.85% for the fiscal year ended March 31, 2026. As the recoverable amount of the goodwill sufficiently exceeds the carrying amount, the Group expects that the recoverable amount is not likely to fall below the carrying amount even if the key assumptions are changed within a reasonable range.

2) Goodwill arising from the acquisition of Acrelec Group S.A.S. by Glory Global Solutions (International) Ltd.

Cash generating unit	Segment name	Millions of Yen			Thousands of U.S. Dollars
		As of March 31, 2026	As of March 31, 2025	Date of transition (April 1, 2024)	As of March 31, 2026
Acrelec Group S.A.S.	Overseas market	¥ 10,099	¥ 8,921	¥ 8,987	$ 63,158

The Group measures the recoverable amounts of the cash generating units to which the goodwill is allocated based on its value in use. The value in use is calculated using the discounted present value of future cash flows approved by management, reflecting historical experience and external information. The future cash flows are based on a three-year medium-term management plan. For the periods beyond the medium-term management plan, the Group uses positive growth rates in the assumption that the Group will continue to grow. The growth rate used for the assumption that the Group will continue to grow is determined considering the long-term average growth rate of the countries where the cash generating unit belongs, which was 1.50% as of the date of transition, 1.50% for the fiscal year ended March 31, 2025, and 1.50% for the fiscal year ended March 31, 2026. In addition, the pre-tax discount rate used for calculating value in use is determined based on the weighted average capital cost of the cash generating unit, which was 12.39% as of the date of transition, 11.07% for the fiscal year ended March 31, 2025, 11.24% for the fiscal year ended March 31, 2026. As the recoverable amount of the goodwill sufficiently exceeds the carrying amount, the Group expects that the recoverable amount is not likely to fall below the carrying amount even if the key assumptions are changed within a reasonable range.

3) Goodwill arising from the acquisition of Flooid Topco Limited (currently, Flooid Midco Limited) by Glory Global Solutions (International) Ltd.

Cash generating unit	Segment name	Millions of Yen			Thousands of U.S. Dollars
		As of March 31, 2026	As of March 31, 2025	Date of transition (April 1, 2024)	As of March 31, 2026
Flooid Midco Limited	Overseas market	¥ 17,473	¥ 16,339	¥ 16,118	$ 109,274

The Group measures the recoverable amounts of the cash generating units to which the goodwill is allocated based on its value in use. The value in use is calculated using the discounted present value of future cash flows approved by management, reflecting historical experience and external information. The future cash flows are based on a three-year medium-term management plan. For the periods beyond the medium-term management plan, the Group uses positive growth rates in the assumption that the Group will continue to grow. The growth rate used for the assumption that the Group will continue to grow is determined considering the long-term average growth rate of the countries where the cash generating unit belongs, which was 2.00% as of the date of transition, 1.50% for the fiscal year ended March 31, 2025, and 1.50% for the fiscal year ended March 31, 2026. In addition, the pre-tax discount rate used for calculating value in use is determined based on the weighted average capital cost of the cash generating unit, which was 14.20% as of the date of transition, 15.93% for the fiscal year ended March 31, 2025, 12.40% for the fiscal year ended March 31, 2026.

As of the date of transition, the recoverable amount exceeded the carrying amount by ¥3,807 million. However, if the pre-tax discount rate used to calculate the recoverable amount were to increase by approximately 1.93%, the recoverable amount could become equal to the carrying amount. In the fiscal year ended March 31, 2025, the recoverable amount exceeded the carrying amount by ¥971 million. However, if the pre-tax discount rate used to calculate the recoverable amount were to increase by approximately 0.50%, the recoverable amount could become equal to the carrying amount. In the fiscal year ended March 31, 2026, the recoverable amount exceeded the carrying amount by ¥3,221 million ($20,143 thousand). However, if the pre-tax discount rate used to calculate the recoverable amount were to increase by approximately 1.06%, the recoverable amount could become equal to the carrying amount.

4) Goodwill arising from the acquisition of Showcase Gig, Inc. by Glory Ltd.

		Millions of Yen			Thousands of U.S. Dollars
Cash generating unit	Segment name	As of March 31, 2026	As of March 31, 2025	Date of transition (April 1, 2024)	As of March 31, 2026
Showcase Gig, Inc.	Retail and Transportation market	¥ 2,270	¥ 2,822	¥ –	$ 14,196

The Group measures the recoverable amounts of the cash generating units to which the goodwill is allocated based on its value in use. The value in use is calculated using the discounted present value of future cash flows approved by management, reflecting historical experience and external information. The future cash flows are based on a three-year medium-term management plan. For the periods beyond the medium-term management plan, the Group uses positive growth rates in the assumption that the Group will continue to grow. The growth rate used for the assumption that the Group will continue to grow is determined considering the long-term average growth rate of the countries where the cash generating unit belongs, which was 1.00% for the fiscal year ended March 31, 2026. In addition, the pre-tax discount rate used for calculating value in use is determined based on the weighted average capital cost of the cash generating unit, which was 16.61% for the fiscal year ended March 31, 2026.

17. ASSETS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH THEM

The breakdown of assets held for sale was as follows. There are no liabilities directly associated with assets held for sale.

	Millions of Yen			Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	Date of transition (April 1, 2024)	As of March 31, 2026
Assets held for sale				
Intangible assets	¥ 863	¥ –	¥ –	$ 5,397
Total	¥ 863	¥ –	¥ –	$ 5,397

Note: Assets held for sale as of March 31, 2026 primarily relate to software and other assets held by Acrelec Group S.A.S., a consolidated subsidiary of the Company included in the Overseas market segment, for which a decision to sell has been made.
As the fair value less costs to sell exceeds the carrying amount, these assets are measured at the carrying amount. The sale of these assets was completed on June 1, 2026.

18. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Carrying amounts of the Group's investments in individually immaterial associates, and the Group's share of net income, other comprehensive income, and total comprehensive income were as follows:

	Millions of Yen			Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	Date of transition (April 1, 2024)	As of March 31, 2026
Carrying amount	¥ 938	¥ 462	¥ 3,665	$ 5,866

	Millions of Yen		Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2026
The Group's equity interest:			
Net income (loss)	¥ 475	¥ (2,512)	$ 2,970
Other comprehensive income	–	–	
Comprehensive income	475	(2,512)	$ 2,970

Notes: 1. Showcase Gig Inc., which was accounted for by the equity method for the fiscal year ended March 31, 2025, was excluded from the scope of the equity method since the Company acquired its additional shares and included it in the scope of consolidation.

2. The figures include impairment losses of ¥2,449 million recognized in the fiscal year ended March 31, 2025, with respect to the amount equivalent to goodwill associated with the acquisition of one associate accounted for using equity method.

19. FINANCIAL INSTRUMENTS

(1) Capital management policy

To achieve sustainable growth and enhance corporate value, the Group's fundamental capital management policy is to strike a balance between growth investments and stable shareholder returns while ensuring a sound financial foundation.

Major indicators the Group used for capital management were as follows.

	Millions of Yen			Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	Date of transition (April 1, 2024)	As of March 31, 2026
Equity capital	¥ 217,878	¥ 205,373	¥ 188,047	$ 1,362,589
Equity ratio (Note) (%)	48.2	46.1	40.3	

Note: Equity attributable to owners of the parent / total liabilities and equity

There are no significant capital regulations applicable to the Group.

(2) Financial risk management

The Group implements risk management measures to mitigate financial risks arising in the course of business activities. In its risk management efforts, the Group strives to avert risks by preventing their root causes, and to mitigate those unavoidable risks.

The Group uses derivatives to hedge against the risks of foreign exchange and interest rate fluctuations, and it does not enter into derivatives for speculative purpose.

(3) Financial risks

The Group is exposed to various financial risks, including: 1) market risk (i) currency risk, (ii) interest rate risk, and (iii) risk of market price fluctuations); 2) credit risk; and 3) liquidity risk in the course of conducting its business activities. To avert or mitigate these risks, it implements risk management measures based on established policies.

The Group raises funds as necessary in light of its business plans through borrowings and the issuance of bonds, and manages temporary surplus funds in highly secure financial assets.

1) Market risk

(i) Currency risk

(a) Risk management activities

The Group conducts business operations on a global scale and is exposed to currency risk in transactions conducted in currencies other than the functional currency of each company of the Group and in net investments in foreign operations.

The Group uses derivatives such as forward exchange contracts to hedge against currency risk identified on a monthly basis by currency for certain foreign currency-denominated receivables and other items. Hedge accounting is not applied to these derivatives, and all changes in fair value are recognized in profit or loss.

(b) Exposure to currency risk

The Group's exposure to currency risk was as follows. Exposure amounts exclude amounts for which currency risk has been hedged through forward exchange contracts and other means.

	Millions of Yen			Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	Date of transition (April 1, 2024)	As of March 31, 2026
U.S. Dollars	¥ (297)	¥ (779)	¥ 1,233	$ (1,857)
Euro	(108)	(2,741)	(2,383)	(675)
Chinese Yuan	23	13	40	143

(c) Sensitivity analysis of currency risk

The impact on profit or loss and equity if the U.S. dollar, the euro, and the Chinese yuan each appreciated by 10% against the Japanese yen, based on the financial instruments held by the Group at the end of each fiscal year was as follows. For the analysis, it is assumed that all other variables remain constant. Exposure to exchange rate fluctuations for all currencies other than the U.S. dollar, the euro, and the Chinese yuan is immaterial.

	Millions of Yen				Thousands of U.S. Dollars	
	Fiscal year ended March 31, 2026		Fiscal year ended March 31, 2025		Fiscal year ended March 31, 2026	
	Profit (loss)	Equity	Profit (loss)	Equity	Profit (loss)	Equity
U.S. Dollars	¥ 19	¥ 19	¥ 52	¥ 52	$ 118	$ 118
Euro	7	7	190	190	43	43
Chinese Yuan	(1)	(1)	(0)	(0)	(6)	(6)

(ii) Interest rate risk

(a) Risk management activities

The Group raises funds as necessary in light of its business plans through borrowings and the issuance of bonds. A portion of the Group's borrowings consists of variable-rate loans, which are exposed to interest rate risk. In addition, it issues bonds at fixed interest rates primarily to mitigate the impact of rising interest rates on future interest payments.

To hedge against interest rate risk, the Group may utilize derivatives, such as interest rate swaps, in accordance with established policies.

(b) Sensitivity analysis of interest rate risk

The impact on profit or loss and equity if interest rates increase by 1% on the financial instruments held by the Group at the end of each fiscal year was as follows. For the analysis, it is assumed that all other variables remain constant.

Financial instruments that have effectively become fixed-rate instruments through interest rate swap transactions are excluded.

	Millions of Yen		Thousands of U.S. Dollars
	Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Profit (loss)	¥ (283)	¥ (300)	$ (1,769)
Equity	(283)	(300)	(1,769)

(iii) Risk of market price fluctuations

(a) Risk management activities

The Group holds shares and other securities in companies with which it has business relationships for the purpose of smoothly executing its business strategies, and as a result, it is exposed to the risk of price fluctuations. With regard to these investments, the Group regularly monitors market prices and the financial condition of issuers, and continuously reviews its holding status while taking into account the relationships with these business partners. The Group does not hold any shares or other securities for trading purposes.

(b) Sensitivity analysis of the risk of market price fluctuations

The impact on profit or loss and equity if the market value of the financial instruments held by the Group at the end of each fiscal year declines by 10% was as follows. This analysis assumes that all other variables remain constant.

	Millions of Yen		Thousands of U.S. Dollars
	Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Profit (loss)	¥ 41	¥ 32	$ 256
Equity	534	445	3,339

2) Credit risk

Trade receivables, contract assets, and lease receivables are exposed to customer credit risk. In accordance with the Company's policy, the Company regularly monitors the financial condition of its major customers with respect to trade receivables, contract assets, and lease receivables. It manages due dates and balances for each counterparty and strives to identify potential collection risks early on, such as those arising from deteriorating financial conditions, in order to mitigate credit risk. The Group implements similar management practices for its consolidated subsidiaries on the basis of the Company's policy.

The carrying amount of financial assets presented in the consolidated financial statements represents the maximum exposure to credit risk associated with the Group's financial assets. There is no significant credit risk exposure to any specific counterparty, and there is no excessive concentration of credit risk requiring special management.

The Group records allowance for doubtful accounts for trade receivables, contract assets, and lease receivables at an amount equal to the lifetime expected credit losses of the receivables, and measures the allowance on a collective basis. For items other than those mentioned above, the Group, in principle, records allowance for doubtful accounts equal to the 12-month expected credit loss. However, for financial assets for which credit risk has increased significantly since initial recognition, the Group records allowance for doubtful accounts equal to the lifetime expected credit loss. The Group considers that the credit risk of a financial asset has increased significantly since initial recognition if the financial asset is more than 30 days past due. In addition, the Group determines that a financial asset is in default if any of the following conditions are met:

・ where it is not probable that the debtor will repay the debt owed to the Group in full unless the Group exercises its security rights (if collateral exists) or other rights; or
・ where the financial asset is more than 90 days past due.

The lifetime expected credit loss is the expected credit loss arising from all potential default events that may occur over the expected remaining life of a financial instrument.

The 12-month expected credit loss refers to the expected credit loss that results from default events that may occur within 12 months after the end of the fiscal year (or within a shorter period if the term of the financial instrument is less than 12 months).

The Group determines that a financial asset is credit-impaired when one or more of the following events occur that have an adverse impact on the estimated future cash flows of the financial asset:

- significant financial difficulty of the borrower due to deteriorating business performance, etc.;
- breach of contract, such as a default or past due event exceeding 90 days; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

If it is reasonably determined that all or part of a financial asset cannot be recovered, the carrying amount of the financial asset is written off directly. Even for financial assets that have been written off directly, the Group continues to pursue collection activities in accordance with its procedures for collecting accounts receivable though it does not expect to recover a significant portion of the amount written off directly.

Changes in the gross carrying amount of financial assets subject to allowance for doubtful accounts were as follows:

	Millions of Yen		
	Lifetime expected credit losses		
Trade receivables, contract assets, and lease receivables	Financial assets that are not credit-impaired financial assets	Credit-impaired financial assets	Total
BALANCE, APRIL 1, 2024	¥ 90,871	¥ 1,552	¥ 92,424
Changes during the period (recognition and derecognition)	(19,281)	(967)	(20,248)
Transfer to credit-impaired financial assets	(746)	746	–
Write-off	(0)	(267)	(267)
Other changes	(934)	(32)	(966)
BALANCE, MARCH 31, 2025	69,909	1,032	70,941
Changes during the period (recognition and derecognition)	(3,442)	(454)	(3,897)
Transfer to credit-impaired financial assets	(486)	486	–
Write-off	(10)	(96)	(106)
Other changes	4,352	45	4,398
BALANCE, MARCH 31, 2026	¥ 70,323	¥ 1,012	¥ 71,335

	Thousands of U.S. Dollars		
	Lifetime expected credit losses		
Trade receivables, contract assets, and lease receivables	Financial assets that are not credit-impaired financial assets	Credit-impaired financial assets	Total
BALANCE, MARCH 31, 2025	$ 437,204	$ 6,454	$ 443,658
Changes during the period (recognition and derecognition)	(21,525)	(2,839)	(24,371)
Transfer to credit-impaired financial assets	(3,039)	3,039	–
Write-off	(62)	(600)	(662)
Other changes	27,217	281	27,504
BALANCE, MARCH 31, 2026	$ 439,793	$ 6,328	$ 446,122

	Millions of Yen			
		Lifetime expected credit losses		
Financial assets other than trade receivables, contract assets, and lease receivables	12-month expected credit losses	Financial assets for which credit risk has increased significantly since initial recognition	Credit-impaired financial assets	Total
BALANCE, APRIL 1, 2024	¥ 6,367	¥ –	¥ 2,101	¥ 8,469
Changes during the period (recognition and derecognition)	(234)	0	0	(233)
Write-off	(0)	–	(14)	(15)
Other changes	(90)	–	14	(75)
BALANCE, MARCH 31, 2025	6,042	0	2,101	8,144
Changes during the period (recognition and derecognition)	173	(0)	(0)	172
Write-off	–	–	(2,000)	(2,000)
Other changes	1,322	–	–	1,322
BALANCE, MARCH 31, 2026	¥ 7,538	¥ –	¥ 100	¥ 7,639

	Thousands of U.S. Dollars			
		Lifetime expected credit losses		
Financial assets other than trade receivables, contract assets, and lease receivables	12-month expected credit losses	Financial assets for which credit risk has increased significantly since initial recognition	Credit-impaired financial assets	Total
BALANCE, MARCH 31, 2025	$ 37,786	$ 0	$ 13,139	$ 50,931
Changes during the period (recognition and derecognition)	1,081	(0)	(0)	1,075
Write-off	–	–	(12,507)	(12,507)
Other changes	8,267	–	–	8,267
BALANCE, MARCH 31, 2026	$ 47,141	$ –	$ 625	$ 47,773

Changes in allowance for doubtful accounts were as follows:

	Millions of Yen		
	Lifetime expected credit losses		
Trade receivables, contract assets, and lease receivables	Financial assets that are not credit-impaired financial assets	Credit-impaired financial assets	Total
BALANCE, APRIL 1, 2024	¥ (387)	¥ (1,499)	¥ (1,886)
Changes during the period (recognition and derecognition)	(31)	944	913
Transfer to credit-impaired financial assets	79	(745)	(666)
Write-off	0	267	267
Other changes	0	32	32
BALANCE, MARCH 31, 2025	(338)	(1,001)	(1,339)
Changes during the period (recognition and derecognition)	11	453	464
Transfer to credit-impaired financial assets	0	(485)	(485)
Write-off	–	96	96
Other changes	(40)	(45)	(85)
BALANCE, MARCH 31, 2026	¥ (366)	¥ (982)	¥ (1,349)

	Thousands of U.S. Dollars		
	Lifetime expected credit losses		
Trade receivables, contract assets, and lease receivables	Financial assets that are not credit-impaired financial assets	Credit-impaired financial assets	Total
BALANCE, MARCH 31, 2025	$ (2,113)	$ (6,260)	$ (8,373)
Changes during the period (recognition and derecognition)	68	2,833	2,901
Transfer to credit-impaired financial assets	0	(3,033)	(3,033)
Write-off	–	600	600
Other changes	(250)	(281)	(531)
BALANCE, MARCH 31, 2026	$ (2,288)	$ (6,141)	$ (8,436)

Receivables other than trade receivables, contract assets, and lease receivables	Millions of Yen			
		Lifetime expected credit losses		
	12-month expected credit losses	Financial assets for which credit risk has increased significantly since initial recognition	Credit-impaired financial assets	Total
BALANCE, APRIL 1, 2024	¥ (0)	¥ –	¥ (2,101)	¥ (2,101)
Changes during the period (recognition and derecognition)	0	(0)	(0)	(0)
Write-off	–	–	14	14
Other changes	–	–	(14)	(14)
BALANCE, MARCH 31, 2025	(0)	(0)	(2,101)	(2,101)
Changes during the period (recognition and derecognition)	0	0	0	0
Write-off	–	–	2,000	2,000
Other changes	–	–	–	–
BALANCE, MARCH 31, 2026	¥ (0)	¥ –	¥ (100)	¥ (101)

Receivables other than trade receivables, contract assets, and lease receivables	Thousands of U.S. Dollars			
		Lifetime expected credit losses		
	12-month expected credit losses	Financial assets for which credit risk has increased significantly since initial recognition	Credit-impaired financial assets	Total
BALANCE, MARCH 31, 2025	$ (0)	$ (0)	$ (13,139)	$ (13,139)
Changes during the period (recognition and derecognition)	0	0	0	0
Write-off	–	–	12,507	12,507
Other changes	–	–	–	–
BALANCE, MARCH 31, 2026	$ (0)	$ –	$ (625)	$ (631)

Carrying amounts of financial assets subject to allowance for doubtful accounts and an age analysis of allowance for doubtful accounts were as follows:

Date of transition (April 1, 2024)

	Millions of Yen				
		Number of days past due			
	Before due date	Within 30 days	Over 30 days to within 90 days	Over 90 days	Total
Gross carrying amount of the financial assets	¥ 78,860	¥ 10,998	¥ 4,307	¥ 6,725	¥ 100,893
Allowance for doubtful accounts for the above	(124)	(316)	(3)	(3,544)	(3,988)
Rate of expected credit losses (%)	0.16	2.88	0.07	52.70	3.95

Fiscal year ended March 31, 2025 (as of March 31, 2025)

	Millions of Yen				
		Number of days past due			
	Before due date	Within 30 days	Over 30 days to within 90 days	Over 90 days	Total
Gross carrying amount of the financial assets	¥ 64,519	¥ 8,653	¥ 2,042	¥ 3,870	¥ 79,085
Allowance for doubtful accounts for the above	(25)	(292)	(9)	(3,113)	(3,441)
Rate of expected credit losses (%)	0.04	3.37	0.47	80.45	4.35

Fiscal year ended March 31, 2026 (as of March 31, 2026)

	Millions of Yen				
		Number of days past due			
	Before due date	Within 30 days	Over 30 days to within 90 days	Over 90 days	Total
Gross carrying amount of the financial assets	¥ 68,935	¥ 6,446	¥ 1,825	¥ 1,768	¥ 78,975
Allowance for doubtful accounts for the above	(23)	(304)	(34)	(1,088)	(1,450)
Rate of expected credit losses (%)	0.03	4.73	1.88	61.56	1.84

	Thousands of U.S. Dollars				
		Number of days past due			
	Before due date	Within 30 days	Over 30 days to within 90 days	Over 90 days	Total
Gross carrying amount of the financial assets	$ 431,113	$ 40,312	$ 11,413	$ 11,056	$ 493,902
Allowance for doubtful accounts for the above	(143)	(1,901)	(212)	(6,804)	(9,068)

3) Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its obligations to repay financial liabilities as they come due.

The Group monitors its liquidity position through measures such as regularly preparing cash flow plans and ensures that it always maintains sufficient cash on hand.

The Group also has implemented a cash management system within the group, and strives to mitigate liquidity risk through centralized and efficient management of group funds.

In addition, the Company has established commitment lines to secure short-term working capital in the event of a sudden deterioration in funding market conditions.

The outstanding balance of financial liabilities (including derivative financial instruments) by maturity was as follows.

The Group has granted written put options to the non-controlling interests of Sitrade Italia S.p.A. and Acrelec Group S.A.S. If certain conditions are met, non-controlling interests may exercise their rights, and the Group would be obligated to purchase the shares. However, the written put options held by Acrelec Group S.A.S. are not included in the table below because the timing of their exercise was undetermined as of the date of transition and March 31, 2025.

In the fiscal year ended March 31, 2026, all written put options held by Acrelec Group S.A.S. were exercised.

In addition, the Group has entered into commitment line agreements with financial institutions totaling ¥15,000 million as of the end of the fiscal year ended March 31, 2026, all of which remained undrawn as of the same date.

Date of transition (April 1, 2024)

	Millions of Yen							
	Carrying amount	Contractual cash flow	Within one year	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years
Non-derivative financial liabilities								
Trade and other payables	¥ 27,361	¥ 27,361	¥ 27,361	¥ –	¥ –	¥ –	¥ –	¥ –
Bonds and borrowings	90,643	96,650	45,480	5,079	7,957	4,824	14,699	18,608
Lease liabilities	18,139	18,287	6,211	4,364	2,697	1,544	994	2,474
Other financial liabilities	16,221	16,371	11,633	23	3,519	0	0	1,194
Derivative financial liabilities								
Foreign exchange forward contracts	181	181	181	–	–	–	–	–
Interest rate and currency swaps	202	404	63	60	56	52	48	123
Total	¥ 152,749	¥ 159,256	¥ 90,932	¥ 9,527	¥ 14,231	¥ 6,421	¥ 15,742	¥ 22,399

Fiscal year ended March 31, 2025 (as of March 31, 2025)

	Millions of Yen							
	Carrying amount	Contractual cash flow	Within one year	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years
Non-derivative financial liabilities								
Trade and other payables	¥ 19,395	¥ 19,395	¥ 19,395	¥ –	¥ –	¥ –	¥ –	¥ –
Bonds and borrowings	78,916	84,635	21,191	8,663	5,506	15,359	15,131	18,782
Lease liabilities	18,506	18,726	6,555	4,828	2,749	1,501	1,050	2,042
Other financial liabilities	15,563	15,623	10,754	3,662	4	4	4	1,192
Derivative financial liabilities								
Foreign exchange forward contracts	77	77	77	–	–	–	–	–
Interest rate and currency swaps	204	327	57	54	50	46	42	74
Total	¥ 132,664	¥ 138,786	¥ 58,033	¥ 17,208	¥ 8,310	¥ 16,911	¥ 16,229	¥ 22,092

Fiscal year ended March 31, 2026 (as of March 31, 2026)

	Millions of Yen							
	Carrying amount	Contractual cash flow	Within one year	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years
Non-derivative financial liabilities								
Trade and other payables	¥ 16,782	¥ 16,782	¥ 16,782	¥ –	¥ –	¥ –	¥ –	¥ –
Bonds and borrowings	75,275	80,020	24,610	5,707	15,552	15,316	5,125	13,708
Lease liabilities	18,722	19,833	7,169	5,142	3,136	1,631	875	1,877
Other financial liabilities	16,416	16,416	15,153	15	15	16	17	1,197
Derivative financial liabilities								
Foreign exchange forward contracts	8	8	8	–	–	–	–	–
Interest rate and currency swaps	252	336	66	62	58	54	49	45
Total	¥ 127,457	¥ 133,397	¥ 63,790	¥ 10,928	¥ 18,762	¥ 17,018	¥ 6,067	¥ 16,830

	Thousands of U.S. Dollars							
	Carrying amount	Contractual cash flow	Within one year	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years
Non-derivative financial liabilities								
Trade and other payables	$ 104,953	$ 104,953	$ 104,953	$ –	$ –	$ –	$ –	$ –
Bonds and borrowings	470,762	500,437	153,908	35,691	97,260	95,784	32,051	85,728
Lease liabilities	117,085	124,033	44,834	32,157	19,612	10,200	5,472	11,738
Other financial liabilities	102,664	102,664	94,765	93	93	100	106	7,485
Derivative financial liabilities								
Foreign exchange forward contracts	50	50	50	–	–	–	–	–
Interest rate and currency swaps	1,575	2,101	412	387	362	337	306	281
Total	$ 797,104	$ 834,252	$ 398,936	$ 68,342	$ 117,335	$ 106,429	$ 37,942	$ 105,253

(4) Classification of financial instruments

Carrying amounts of financial assets by classification were as follows:

	Millions of Yen			Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	Date of transition (April 1, 2024)	As of March 31, 2026
Financial assets measured at amortized cost				
Cash and cash equivalents	¥ 50,042	¥ 51,468	¥ 35,472	$ 312,958
Trade and other receivables	67,110	66,636	86,157	419,699
Other financial assets	7,619	6,202	6,467	47,648
Financial assets measured at fair value through profit or loss				
Other financial assets	3,552	4,047	3,553	22,213
Financial assets measured at fair value through other comprehensive income				
Other financial assets	10,134	8,564	8,922	63,377

Carrying amounts of financial liabilities by classification were as follows:

	Millions of Yen			Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	Date of transition (April 1, 2024)	As of March 31, 2026
Financial liabilities measured at amortized cost				
Trade and other payables	¥ 16,782	¥ 19,395	¥ 27,361	$ 104,953
Bonds and borrowings	75,275	78,916	90,643	470,762
Other financial liabilities	16,416	19,005	19,688	102,664
Financial liabilities measured at fair value through profit or loss				
Other financial liabilities	260	282	384	1,626

(5) Fair value

1) Carrying amount and fair value of financial assets and financial liabilities

Carrying amounts and fair value of financial assets and liabilities were as follows. Short-term financial assets and liabilities with variable interest rates are not included in the table below due to their fair values approximating their carrying amounts. Long-term borrowings include current portion of long-term borrowings.

	Millions of Yen						Thousands of U.S. Dollars	
	As of March 31, 2026		As of March 31, 2025		Date of transition (April 1, 2024)		As of March 31, 2026	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Other financial assets								
Financial assets measured at amortized cost								
Lease deposits, guarantee deposits and membership fees	¥ 2,974	¥ 2,883	¥ 2,744	¥ 2,698	¥ 2,767	¥ 2,745	$ 18,599	$ 18,030
Bonds and borrowings								
Financial liabilities measured at amortized cost								
Bonds payables	24,132	23,091	24,115	23,379	9,975	9,792	150,919	144,409
Long-term borrowings	8,158	7,851	9,048	8,980	7,854	7,858	51,019	49,099
Other financial liabilities (non-current)								
Financial liabilities measured at amortized cost								
Long-term deposits	1,157	902	1,178	991	1,194	1,060	7,235	5,641
Written put options over non-controlling interests	–	–	7,028	7,028	6,824	6,824	–	–
Other	105	105	43	43	35	35	656	656

2) Classification of the fair value hierarchy by level

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1: Fair value measured using observable inputs, i.e., quoted prices in active markets for assets or liabilities that are the subject of the measurement.

Level 2: Fair value measured using observable inputs other than Level 1 inputs.

Level 3: Fair value measured using unobservable inputs.

Transfers between levels of the fair value hierarchy are recognized at the end of each fiscal year. There were no financial instruments for which significant transfers between the levels occurred as of the date of transition and for the fiscal years ended March 31, 2025 and 2026.

3) Financial instruments measured at fair value

The measurement methods for major financial instruments measured at fair value are as follows.

(Derivative assets and liabilities)

Derivative assets and liabilities include forward exchange contracts, currency swaps, and interest rate swaps and their fair value is measured primarily based on models that use observable inputs such as foreign exchange rates and interest rates.

(Preferred stock)

With respect to equity instruments, among preferred stock, the Group has made an irrevocable election to recognize changes in fair value in other comprehensive income upon initial recognition, and the fair value is measured in accordance with the methods described under “Equity instruments.” Preferred stock, which is classified as debt instruments, is measured at present value, calculated by discounting the total future cash flows, representing preferred dividends, using a discount rate that reflects the yield on highly secured long-term bonds adjusted for credit risk.

(Investments in investment partnerships)

Investments in investment partnerships are measured at fair value to the extent that the partnership’s assets can be measured at fair value and the Group deems the amount corresponding to its equity interest in the fair value to be the fair value of its investment in the partnership.

(Equity instruments)

Equity instruments classified as Level 1 consist of listed shares traded in active markets, and are measured at market prices quoted on exchanges. Those classified as Level 3 are unlisted shares, and the fair value is measured primarily using appropriate valuation methods, such as the multiples approach or valuation models based on the investee’s net assets, in accordance with the valuation policies established by the Group.

(Golf memberships)

The fair value of golf memberships is measured based on market prices and other factors.

The fair value hierarchy for financial instruments measured at fair value was as follows:

Date of transition (April 1, 2024)

	Millions of Yen			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss				
Derivative assets	¥ –	¥ 91	¥ –	¥ 91
Preferred stock	–	–	396	396
Investments in investment partnerships	–	–	2,415	2,415
Equity instruments	381	–	–	381
Golf memberships	–	262	–	262
Other	–	–	5	5
Financial assets measured at fair value through other comprehensive income				
Equity securities	7,051	–	1,870	8,922
Total	¥ 7,433	¥ 354	¥ 4,688	¥ 12,475
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	¥ –	¥ 384	¥ –	¥ 384
Total	¥ –	¥ 384	¥ –	¥ 384

Note: There were no transfers between Levels 1, 2, and 3 on the date of transition.

Fiscal year ended March 31, 2025 (as of March 31, 2025)

	Millions of Yen			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss				
Derivative assets	¥ –	¥ 56	¥ –	¥ 56
Preferred stock	–	–	640	640
Investments in investment partnerships	–	–	2,650	2,650
Equity instruments	431	–	–	431
Golf memberships	–	263	–	263
Other	–	–	6	6
Financial assets measured at fair value through other comprehensive income				
Equity securities	6,427	–	2,137	8,564
Total	¥ 6,858	¥ 319	¥ 5,434	¥ 12,612
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	¥ –	¥ 282	¥ –	¥ 282
Total	¥ –	¥ 282	¥ –	¥ 282

Note: There were no transfers between Levels 1, 2, and 3 in the fiscal year ended March 31, 2025.

Fiscal year ended March 31, 2026 (as of March 31, 2026)

	Millions of Yen			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss				
Derivative assets	¥ –	¥ 48	¥ –	¥ 48
Preferred stock	–	–	541	541
Investments in investment partnerships	–	–	2,124	2,124
Equity instruments	555	–	–	555
Golf memberships	–	275	–	275
Other	–	–	6	6
Financial assets measured at fair value through other comprehensive income				
Equity securities	7,722	–	2,412	10,134
Total	¥ 8,277	¥ 324	¥ 5,085	¥ 13,687
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	¥ –	¥ 260	¥ –	¥ 260
Total	¥ –	¥ 260	¥ –	¥ 260

Note: There were no transfers between Levels 1, 2, and 3 in the fiscal year ended March 31, 2025.

	Thousands of U.S. Dollars			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss				
Derivative assets	$ –	$ 300	$ –	$ 300
Preferred stock	–	–	3,383	3,383
Investments in investment partnerships	–	–	13,283	13,283
Equity instruments	3,470	–	–	3,470
Golf memberships	–	1,719	–	1,719
Other	–	–	37	37
Financial assets measured at fair value through other comprehensive income				
Equity securities	48,292	–	15,084	63,377
Total	$ 51,763	$ 2,026	$ 31,801	$ 85,597
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	$ –	$ 1,626	$ –	$ 1,626
Total	$ –	$ 1,626	$ –	$ 1,626

Note: There were no transfers between Levels 1, 2, and 3 in the fiscal year ended March 31, 2026.

Changes in financial instruments classified as Level 3 from the beginning to the end of the period were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Balance at beginning of period	¥ 5,434	¥ 4,688	$ 33,983
Total gain or loss (Note)			
Net income (loss)	(380)	1,981	(2,376)
Other comprehensive income	271	288	1,694
Acquisition	–	304	–
Disposal	(239)	(1,828)	(1,494)
Balance at end of period	¥ 5,085	¥ 5,434	$ 31,801

Note: Gains or losses recognized in profit or loss are presented as “Finance income” or “Finance costs” in the consolidated statement of profit or loss, while gains or losses recognized in other comprehensive income are presented as “Equity instruments measured at fair value through other comprehensive income” in the consolidated statement of comprehensive income.

Of the total gains or losses recognized in profit or loss, those attributable to financial instruments held as of March 31, 2026 and 2025, were ¥(380) million ($(2,376) thousand) and ¥1,981 million, respectively.

Financial instruments classified as Level 3 consist primarily of investments in unlisted shares and investment partnerships. Fair value measurements for financial instruments classified as Level 3 are performed by the relevant departments within the Group in accordance with the Group accounting policies and other guidelines. In measuring fair value, the Group uses valuation methods and inputs that most appropriately reflect the nature, characteristics, and risks of the financial instruments. Furthermore, the results of fair value measurements are reviewed by senior management.

The major unobservable inputs used to measure the fair value of financial instruments classified as Level

3, which are measured at fair value on a recurring basis, are the price-to-earnings ratios and price-to-book ratios of comparable companies. As of the transition date, and March 31, 2025 and 2026, the price-to-earnings ratios ranged from 5.24x to 30.1x, 8.48x to 36.15x, and 10.81x to 18.65x, respectively, while the price-to-book ratios ranged from 0.45x to 4.53x, 0.41x to 2.68x, and 0.50x to 6.52x, respectively. Fair value increased (decreased) as a result of these increases (decreases).

For financial instruments classified as Level 3, changes in fair value resulting from replacing unobservable inputs with reasonable alternative assumptions are immaterial.

4) Financial instruments measured at amortized cost

The measurement methods for the fair value of major financial instruments measured at amortized cost are as follows.

(Trade and other receivables (trade notes, trade accounts, and electronically recorded monetary claims - operating), other financial assets (accounts receivable - other), trade and other payables (trade notes, trade accounts, and electronically recorded monetary obligations - operating), other financial liabilities (deposits received, accounts payable - other))

These are settled within a short period of time and therefore the carrying amount is a reasonable approximation of the fair value.

(Other financial assets (lease deposits, guarantee deposits and membership fees))

The fair value of lease deposits, guarantee deposits and membership fees is measured based on the present value, calculated by discounting the amounts over the remaining terms using interest rates that reflect the remaining term to maturity and credit risk.

(Bonds payables)

Bonds payables are calculated based on market prices.

(Borrowings)

Short-term borrowings are settled within a short period, and therefore the carrying amount is a reasonable approximation of the fair value.

Long-term borrowings have fixed interest rates and are measured at the present value of the total principal and interest payments, discounted at the interest rate that would be assumed if a similar new borrowing were made.

(Written put options over non-controlling interests)

The fair value of written put options over non-controlling interests is calculated based on the present value of estimated future cash flows, discounted using a rate that reflects the specific risks involved.

(Other financial liabilities (long-term deposits))

The fair value is measured at the present value discounted at an interest rate that reflects the remaining term to maturity and credit risk, with the amount divided into segments based on specific time periods.

Carrying amounts and fair value hierarchy of the major financial instruments measured at amortized cost were as follows. Short-term instruments and those with variable interest rates are not included in the table below due to the fair values approximating the carrying amounts. Long-term borrowings include current portion of long-term borrowings.

Date of transition (April 1, 2024)

	Millions of Yen				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at amortized cost					
Lease deposits, guarantee deposits and membership fees	¥ 2,767	¥ –	¥ 2,745	¥ –	¥ 2,745
Financial liabilities					
Financial liabilities measured at amortized cost					
Bonds payables	9,975	–	9,792	–	9,792
Long-term borrowings	7,854	–	7,858	–	7,858
Long-term deposits	1,194	–	1,060	–	1,060
Written put options over non-controlling interests	6,824	–	–	6,824	6,824
Others	35	–	–	35	35

Fiscal year ended March 31, 2025 (as of March 31, 2025)

	Millions of Yen				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at amortized cost					
Lease deposits, guarantee deposits and membership fees	¥ 2,744	¥ –	¥ 2,698	¥ –	¥ 2,698
Financial liabilities					
Financial liabilities measured at amortized cost					
Bonds payables	24,115	–	23,379	–	23,379
Long-term borrowings	9,048	–	8,980	–	8,980
Long-term deposits	1,178	–	991	–	991
Written put options over non-controlling interests	7,028	–	–	7,028	7,028
Others	43	–	–	43	43

Fiscal year ended March 31, 2026 (as of March 31, 2026)

	Millions of Yen				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at amortized cost					
Lease deposits, guarantee deposits and membership fees	¥ 2,974	¥ –	¥ 2,883	¥ –	¥ 2,883
Financial liabilities					
Financial liabilities measured at amortized cost					
Bonds payables	24,132	–	23,091	–	23,091
Long-term borrowings	8,158	–	7,851	–	7,851
Long-term deposits	1,157	–	902	–	902
Written put options over non-controlling interests	–	–	–	–	–
Others	105	–	–	105	105

	Thousands of U.S. Dollars				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at amortized cost					
Lease deposits, guarantee deposits and membership fees	$ 18,599	$ –	$ 18,030	$ –	$ 18,030
Financial liabilities					
Financial liabilities measured at amortized cost					
Bonds payables	150,919	–	144,409	–	144,409
Long-term borrowings	51,019	–	49,099	–	49,099
Long-term deposits	7,235	–	5,641	–	5,641
Written put options over non-controlling interests	–	–	–	–	–
Others	656	–	–	656	656

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

The Group designates some equity instruments (equity, etc.) held for the long term primarily to maintain and strengthen business policies, business relationships, and good relations as financial assets measured at fair value through other comprehensive income, as the primary objective is not to capture gains arising from increases in fair value.

Details of dividends received on securities classified as equity instruments measured at fair value through other comprehensive income are provided in “Note 29. FINANCE INCOME AND COSTS.”

1) Major securities and fair value

Securities	Millions of Yen			Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	Date of transition (April 1, 2024)	As of March 31, 2026
NISHIMATSUYA CHAIN Co., Ltd.	¥ 882	¥ 841	¥ 1,049	$ 5,515
Sumitomo Mitsui Financial Group, Inc.	636	482	734	3,977
KANEMATSU CORPORATION	547	312	321	3,420
SocioFuture, Ltd.	399	425	332	2,495
Kobe Tochi Tatemono, Co., Ltd.	397	260	402	2,482
Other	7,270	6,241	6,081	45,465
Total	¥ 10,134	¥ 8,564	¥ 8,922	$ 63,377

2) Derecognized equity instruments measured at fair value through other comprehensive income

The Group sells (derecognizes) financial assets measured at fair value through other comprehensive income as a result of measures such as the efficient utilization of assets and the review of business relationships.

The fair value and accumulated gains or losses (before tax effects) of equity instruments measured at fair value through other comprehensive income that were derecognized in the fiscal years ended March 31, 2026 and 2025, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Fair value	¥ 1,292	¥ 798	$ 8,080
Accumulated gains or losses	609	507	3,808

When equity instruments measured at fair value through other comprehensive income are derecognized, the accumulated gains or losses (after tax effects) previously recognized in other comprehensive income are reclassified to retained earnings. The accumulated gains or losses reclassified from other comprehensive income to retained earnings for the fiscal years ended March 31, 2026 and 2025, were ¥609 million ($3,808 thousand) and ¥507 million, respectively.

20. TRADE AND OTHER PAYABLES

The breakdown of trade and other payables was as follows:

	Millions of Yen			Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	Date of transition (April 1, 2024)	As of March 31, 2026
Trade notes and trade accounts	¥ 14,600	¥ 14,018	¥ 17,498	$ 91,307
Electronically recorded monetary obligations - operating	2,181	5,376	9,862	13,639
Total	¥ 16,782	¥ 19,395	¥ 27,361	$ 104,953

21. BONDS AND BORROWINGS, ETC.

(1) Breakdown of bonds and borrowings, and lease liabilities

The breakdown of bonds and borrowings, and lease liabilities was as follows:

	Millions of Yen			Thousands of U.S. Dollars		
	As of March 31, 2026	As of March 31, 2025	Date of transition (April 1, 2024)	As of March 31, 2026	Average interest rate (%)	Due date
Bonds payables	¥ 24,132	¥ 24,115	¥ 9,975	$ 150,919	–	–
Short-term borrowings	15,471	15,117	38,286	96,754	3.28	–
Current portion of long-term borrowings	7,733	4,583	5,595	48,361	2.14	–
Long-term borrowings, less current portion	27,938	35,100	36,786	174,721	2.96	2027 through 2034
Lease liabilities	18,722	18,506	18,139	117,085	3.49	2027 through 2062
Total	¥ 93,997	¥ 97,423	¥ 108,783	$ 587,848	–	–
					–	–
Current liabilities	¥ 30,374	¥ 26,271	¥ 50,061	$ 189,956	–	–
Non-current liabilities	63,623	71,152	58,721	397,892	–	–
Total	¥ 93,997	¥ 97,423	¥ 108,783	$ 587,848	–	–

Notes: 1. Bonds, borrowings, and lease liabilities are classified as financial liabilities measured at amortized cost. There are no non-performing borrowings.

2. The average interest rate represents the weighted average of interest rate applicable to the ending balance of borrowings as of March 31, 2026.

3. Certain of the Group’s loan agreements contain financial covenants. If the Group breaches these covenants, the outstanding debt under such agreements may, at the request of the lender, become immediately due and payable.

(2) Bond details

The breakdown of bonds by issue was as follows:

Company name	Issue	Date of issuance	Millions of Yen			Thousands of U.S. Dollars	Interest rate (%)	Collateral	Redemption date
			As of March 31, 2026	As of March 31, 2025	Date of transition (April 1, 2024)	As of March 31, 2026			
GLORY LTD.	Second series unsecured bonds (with inter-bond Pari Passu Clause)	December 6, 2018	¥ 9,985	¥ 9,980	¥ 9,975	$ 62,445	0.425	None	December 6, 2028
GLORY LTD.	Third series unsecured bonds (with inter-bond Pari Passu Clause) (sustainability-linked bond)	June 13, 2024	9,969	9,960	–	62,345	0.804	None	June 13, 2029
GLORY LTD.	Fourth series unsecured bonds (with inter-bond Pari Passu Clause) (sustainability-linked bond)	June 13, 2024	4,177	4,174	–	26,122	1.378	None	June 13, 2034
Total			¥ 24,132	¥ 24,115	¥ 9,975	$ 150,919			

22. OTHER LIABILITIES

The breakdown of other liabilities was as follows:

	Millions of Yen			Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	Date of transition (April 1, 2024)	As of March 31, 2026
Contract liabilities	¥ 33,557	¥ 28,351	¥ 25,087	$ 209,862
Accrued expenses	9,981	9,617	11,123	62,420
Other	13,647	14,734	20,130	85,347
Total	¥ 57,187	¥ 52,702	¥ 56,342	$ 357,642
Current liabilities	¥ 49,613	¥ 44,295	¥ 48,915	$ 310,275
Non-current liabilities	7,574	8,407	7,426	47,367
Total	¥ 57,187	¥ 52,702	¥ 56,342	$ 357,642

23. OTHER FINANCIAL LIABILITIES

The breakdown of other financial liabilities was as follows:

	Millions of Yen			Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	Date of transition (April 1, 2024)	As of March 31, 2026
Accounts payable - other	¥ 6,928	¥ 6,825	¥ 7,150	$ 43,327
Deposits received	5,247	5,080	5,617	32,814
Derivative liabilities	260	282	384	1,626
Written put options over non-controlling interests	4,109	7,028	6,824	25,697
Other	131	70	95	819
Total	¥ 16,677	¥ 19,287	¥ 20,072	$ 104,296
Current liabilities	¥ 15,228	10,890	11,878	$ 95,234
Non-current liabilities	1,448	8,397	8,193	9,055
Total	¥ 16,677	¥ 19,287	¥ 20,072	$ 104,296

24. EMPLOYEE BENEFITS

(1) Post-employment benefits

1) Overview of the plans

The Company, its domestic consolidated subsidiaries, and certain foreign consolidated subsidiaries have established non-contributory and contributory funded defined benefit pension plans, and severance lump-sum payment plans. Specifically, with regard to the non-contributory funded defined benefit pension plan, the pension benefit rate was reduced as of October 1, 2006, and the plan was converted to a quasi-cash-balance system. In addition, upon an employee's retirement or similar event, the severance pay upon retirement that is not included in the defined benefit plan obligations calculated in accordance with retirement benefit accounting may be paid.

The asset management firms entrusted with managing the assets of the Group, the fund, and the pension plan are required by law to faithfully manage and invest these assets with the aim of ensuring reliable pension benefits for participants in the future, and they are responsible for conducting such investments in accordance with established policies.

While the plan assets of the defined benefit pension plan are managed on the basis of sound investment practices, they are exposed to investment risks associated with financial instruments. Furthermore, defined benefit plan obligations are measured based on various actuarial assumptions, such as discount rates, and therefore they are exposed to risks arising from changes in those assumptions.

In addition to these defined benefit plans, the Company and certain foreign consolidated subsidiaries have defined contribution plans.

2) Defined benefit plans

(a) Amounts recognized in the consolidated statement of financial position

Amounts recognized in the consolidated statement of financial position were as follows:

	Millions of Yen			Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	Date of transition (April 1, 2024)	As of March 31, 2026
Present value of funded defined benefit obligation	¥ 51,630	¥ 55,564	¥ 61,124	$ 322,889
Fair value of plan assets	(96,431)	(87,484)	(86,828)	(603,070)
Subtotal	¥ (44,801)	¥ (31,919)	¥ (25,704)	$ (280,181)
Effect of the asset ceiling	¥ 57,358	¥ 48,220	¥ 43,833	$ 358,711
Present value of unfunded defined benefit plan obligation	820	941	1,063	5,128
Net defined benefit liabilities (assets) recognized in the consolidated statement of financial position	13,378	17,241	19,192	83,664
Retirement benefit liability (Note 1)	13,554	17,347	19,369	84,765
Retirement benefit asset (Note 2)	(175)	(105)	(177)	(1,094)

Notes: 1. Retirement benefit liability is included in “Employee benefits (Non-current liabilities).”

2. Retirement benefit asset is included in “Other non-current assets.”

(b) Amounts recognized in the consolidated statement of profit or loss

Amounts of defined benefit cost recognized in the consolidated statement of profit or loss were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Service cost	¥ 1,642	¥ 1,899	$ 10,268
Net interest	(749)	(395)	(4,684)
Past service cost	–	(14)	–
Total defined benefit cost	¥ 893	¥ 1,489	$ 5,584

Note: Defined benefit cost is recorded in “Cost of sales” and “Selling, general and administrative expenses.”

(c) Reconciliation of the present value of defined benefit plan obligations

Changes in the present value of defined benefit plan obligations were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Balance at beginning of period	¥ 56,505	¥ 62,187	$ 353,377
Current service cost	1,642	1,899	10,268
Interest cost	1,315	1,006	8,223
Remeasurements	(4,906)	(5,026)	(30,681)
Actuarial gains or losses arising from changes in demographic assumptions	(227)	–	(1,419)
Actuarial gains or losses arising from changes in financial assumptions	(5,214)	(4,919)	(32,607)
Actuarial gains or losses arising from experience adjustments	535	(106)	3,345
Benefits paid	(3,704)	(3,227)	(23,164)
Past service cost	–	(14)	–
Exchange translation differences	1,229	(390)	7,686
Other changes	368	69	2,301
Balance at end of period	¥ 52,451	¥ 56,505	$ 328,023

The weighted average duration of defined benefit plan obligations as of March 31, 2026 and 2025, was 9.4 years and 10.9 years, respectively.

(d) Reconciliation of the fair value of plan assets

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

	Millions of Yen		Thousands of U.S. Dollars
	Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Balance at beginning of period	¥ 87,484	¥ 86,828	$ 547,116
Interest income	2,065	1,402	12,914
Remeasurements			
Return on plan assets	5,272	(1,166)	32,970
Contribution by the employer	3,802	3,779	23,777
Contribution by the employees	268	271	1,676
Benefits paid	(3,469)	(3,068)	(21,694)
Exchange translation differences	1,009	(306)	6,310
Other changes	–	(255)	–
Balance at end of period	¥ 96,431	¥ 87,484	$ 603,070

The amount planned to be contributed to plan assets for the fiscal year ending March 31, 2027 is ¥2,523 million ($15,778 thousand).

The Company and certain domestic subsidiaries have a policy to contribute the necessary amount as a contribution, in accordance with the regulations, if the cumulative balance in the fund falls below the minimum funding requirement at the time of the fund's annual settlement for each fiscal year.

(e) Fair value of plan assets by type

The fair value of major plan assets, by asset type, was as follows:

	Millions of Yen								
	As of March 31, 2026			As of March 31, 2025			Date of transition (April, 1 2024)		
	With quoted prices in active markets	With no quoted prices in active markets	Total	With quoted prices in active markets	With no quoted prices in active markets	Total	With quoted prices in active markets	With no quoted prices in active markets	Total
Equity instruments	¥ 2,552	¥ 27,012	¥ 29,564	¥ 1,860	¥ 23,836	¥ 25,696	¥ 1,877	¥ 25,790	¥ 27,668
Domestic stocks	–	12,270	12,270	–	11,068	11,068	–	11,781	11,781
Foreign stocks	2,552	14,742	17,294	1,860	12,767	14,628	1,877	14,009	15,887
Debt instruments	1,709	23,787	25,497	1,838	25,470	27,309	1,924	26,490	28,415
Domestic bonds	–	16,600	16,600	–	17,765	17,765	–	18,807	18,807
Foreign bonds	1,709	7,186	8,896	1,838	7,705	9,543	1,924	7,682	9,607
General account assets of life insurance	–	11,449	11,449	–	11,274	11,274	–	11,561	11,561
Other	1,967	27,952	29,920	1,683	21,519	23,203	1,577	17,606	19,184
Total plan assets	¥ 6,229	¥ 90,202	¥ 96,431	¥ 5,382	¥ 82,101	¥ 87,484	¥ 5,379	¥ 81,448	¥ 86,828

	Thousands of U.S. Dollars		
	As of March 31, 2026		
	With quoted prices in active markets	With no quoted prices in active markets	Total
Equity instruments	$ 15,959	$ 168,930	$ 184,890
Domestic stocks	–	76,735	76,735
Foreign stocks	15,959	92,195	108,155
Debt instruments	10,687	148,761	159,455
Domestic bonds	–	103,814	103,814
Foreign bonds	10,687	44,940	55,634
General account assets of life insurance	–	71,601	71,601
Other	12,301	174,809	187,116
Total plan assets	$ 38,955	$ 564,115	$ 603,070

Note: General account asset of life insurance refers to a product offered by a life insurance company that pools individual insurance policies and corporate pension assets into a single account for investment management. It guarantees the principal and a fixed interest rate, with the life insurance company assuming the investment risk.
"Other" includes alternative investment products and other products.

The management of plan assets is aimed at securing the required total return over the long term, within acceptable risk levels, in order to ensure the reliable payment of pension benefits and other benefits into the future. To achieve this objective, the Group selects assets suitable for investment and determines the optimal asset allocation for the future, taking into account their expected rates of return and risks. Furthermore, the Group reviews the asset allocation, as necessary.

To achieve stable investment returns over the medium to long term, the Group has adopted an investment strategy designed to minimize asset-liability mismatches. Specifically, by focusing its investments on highly secured long-term bonds, the Group aims to reduce fluctuations in investment returns and stabilize the contribution ratio.

(f) Reconciliation of the effect of the asset ceiling

Changes in the effect of the asset ceiling were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Balance at beginning of period	¥ 48,220	43,833	$ 301,563
Interest cost	2,007	737	12,551
Remeasurements			
Changes in the effect of the asset ceiling	7,130	3,650	44,590
Balance at end of period	¥ 57,358	¥ 48,220	$ 358,711

(g) Significant actuarial assumptions

Major actuarial assumptions used in measuring defined benefit obligations were as follows:

	As of March 31, 2026	As of March 31, 2025	Date of transition (April 1, 2024)
Discount rate (%)	2.7 ~ 3.7	1.8 ~ 2.6	1.1 ~ 1.8

(h) Sensitivity analysis of actuarial assumptions

Assuming no changes to other assumptions, if the discount rate fluctuates by the percentages shown below, defined benefit obligations as of March 31, 2026 and 2025, and the date of transition would have changed as follows. Although the sensitivity analysis assumes no changes to other assumptions, in practice, changes in other assumptions could affect the sensitivity analysis.

	Millions of Yen			Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	Date of transition (April 1, 2024)	As of March 31, 2026
Discount rate				
In case of 50-basis-point increase	¥ (2,267)	¥ (2,827)	¥ (3,562)	$ (14,177)
In case of 50-basis-point decrease	2,466	3,108	3,642	15,422

3) Defined contribution plan

Costs related to required contributions to the defined contribution pension plan for the fiscal years ended March 31, 2026 and 2025, were ¥1,776 million ($11,106 thousand) and ¥1,606 million, respectively.

(2) Other employee benefits

Amounts recognized in the consolidated statement of financial position as short-term employee benefits and long-term employee benefits, excluding defined benefit plans were as follows:

	Millions of Yen			Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	Date of transition (April 1, 2024)	As of March 31, 2026
Short-term employee benefits				
Accrued bonus	¥ 10,897	¥ 11,271	¥ 14,862	$ 68,148
Accrued paid leave	6,116	6,303	6,172	38,248
Other	148	300	186	925
Total	¥ 17,162	¥ 17,875	¥ 21,221	$ 107,329
Long-term employee benefits				
Unpaid paid leave	¥ 1,600	¥ 1,750	¥ 1,573	$ 10,006
Total	¥ 1,600	¥ 1,750	¥ 1,573	$ 10,006

(3) Employee benefit expenses

Total employee benefit expenses for the fiscal years ended March 31, 2026 and 2025 were ¥116,486 million ($728,492 thousand) and ¥116,031 million, respectively, and are included in “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statement of profit or loss.

Employee benefit expenses include compensation paid to key management personnel. The compensation paid to key management personnel is stated in “Note 35. RELATED PARTIES.”

25. SHARE-BASED PAYMENT

(1) Stock incentive plan for directors

1) Overview of the stock incentive plan for directors

With the aim of further enhancing the motivation of directors (excluding external directors and directors serving as Audit and Supervisory Committee members; the same applies hereinafter) and Presidents of domestic subsidiaries (“Board members”) to contribute to the improvement of medium-and-long term corporate achievement and corporate value, the Company introduced a performance-based stock incentive plan (the “Board Incentive Plan (BIP)”) for the Board members.

The BIP specifies Board members who meet certain requirements as beneficiaries. The Company has established a trust (the “BIP Trust”) into which the Company contributes the funds required to purchase the number of Company’s shares expected to be delivered to its Board members according to established rules for granting shares. A third-party administrator purchases the Company’s shares using the funds in the BIP trust.

According to the rules for granting shares, the BIP Trust delivers the Company’s shares to the eligible Board members on an annual basis or at the time of retirement based on the Board Member’s position and achievements. The BIP is accounted for as an equity-settled share-based payment transaction.

2) Number of points granted during the period and the weighted average fair value of the points

The fair value on the grant date is calculated based on the observable market price of the Company’s shares, adjusted downward by the present value of dividends expected to be paid during the vesting period. The number of points granted during the period and the weighted average fair value of the points were as follows:

	Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025
Number of points granted during the period (Points)	47,824	42,664
Weighted average fair value (Yen)	¥ 2,412	¥ 2,508
Weighted average fair value (U.S. Dollars)	$ 15.08	

(2) Incentive plan for executive officers

1) Overview of the incentive plan for executive officers

With the aim of further enhancing the motivation of executive officers and senior management employees ("executive officers, etc.") to contribute to the improvement of medium-and-long term corporate achievement and corporate value, the Company has introduced a stock incentive plan (the "Employee Stock Ownership Plan (ESOP)") for executive officers, etc.

The ESOP specifies executive officers, etc. who meet certain requirements as beneficiaries. The Company established a trust (the "ESOP Trust") into which the Company contributes the funds required to purchase the number of Company's shares expected to be delivered to executive officers, etc. according to established rules for granting shares. A third-party administrator purchases the Company's shares using the funds in the ESOP trust.

According to the rules for granting shares, the ESOP Trust delivers the Company's shares to the eligible executive officers, etc. on an annual basis or at the time of retirement based on the position and achievements of the executive officers, etc.

The ESOP is accounted for as an equity-settled share-based payment transaction.

2) Number of points granted during the period and the weighted average fair value of the points

The fair value on the grant date is calculated based on the observable market price of the Company's shares, adjusted downward by the present value of dividends expected to be paid during the vesting period. The number of points granted during the period and the weighted average fair value of the points were as follows:

	Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025
Number of points granted during the period (Points)	270,008	216,233
Weighted average fair value (Yen)	¥ 2,412	¥ 2,508
Weighted average fair value (U.S. Dollars)	$ 15.08	

(3) Share-based payment expenses

Expenses related to the above stock incentive plans for the fiscal years ended March 31, 2026 and 2025 were ¥774 million ($4,840 thousand) and ¥654 million, respectively, and are recorded in "Cost of sales" and "Selling, general and administrative expenses" in the consolidated statement of profit or loss.

26. REVENUE

(1) Disaggregation of revenue

As stated in "Note 5. SEGMENT INFORMATION," the Group consists of four reportable segments, namely, the Financial market, Retail and Transportation market, Amusement market, and Overseas market. It disaggregates revenue by region and by timing of revenue recognition as follows. Revenue by region is based on the location of customers. The relation between the disaggregation of revenue and revenue of each reportable segment was as follows:

Fiscal year ended March 31, 2025

	Millions of Yen						
	Reportable segment					Other (Note 1)	Total
	Financial market	Retail and Transportation market	Amusement market	Overseas market	Total		
Revenue by region							
Japan	¥ 54,432	¥ 69,485	¥ 27,200	¥ –	¥ 151,118	¥ 7,004	¥ 158,123
Americas	–	–	–	100,718	100,718	–	100,718
Europe	–	–	–	88,906	88,906	–	88,906
Asia	–	–	–	18,710	18,710	–	18,710
Revenue arising from contracts with customers	54,432	69,485	27,200	208,335	359,454	7,004	366,458
Revenue by type of goods or services							
Finished goods and merchandise	39,213	50,026	23,560	114,241	227,041	6,721	233,763
Maintenance	15,219	19,459	3,640	94,094	132,412	282	132,695
Revenue arising from contracts with customers	54,432	69,485	27,200	208,335	359,454	7,004	366,458
Other revenue (Note 2)	–	223	247	1,715	2,186	–	2,186
Sales to external customers	54,432	69,708	27,448	210,051	361,641	7,004	368,645

Notes: 1. "Other" includes business segments which do not belong to any reportable segments, and includes sales to domestic coin-operated parking operators and new business ventures.

2. "Other revenue" includes lease income recognized in accordance with IFRS 16 *Leases*.

Fiscal year ended March 31, 2026

	Millions of Yen						
	Reportable segment					Other (Note 1)	Total
	Financial market	Retail and Transportation market	Amusement market	Overseas market	Total		
Revenue by region							
Japan	¥ 37,062	¥ 57,435	¥ 20,841	¥ –	¥ 115,339	¥ 7,703	¥ 123,042
Americas	–	–	–	98,862	98,862	–	98,862
Europe	–	–	–	98,944	98,944	–	98,944
Asia	–	–	–	16,544	16,544	–	16,544
Revenue arising from contracts with customers	37,062	57,435	20,841	214,351	329,690	7,703	337,394
Revenue by type of goods or services							
Finished goods and merchandise	22,017	40,897	19,084	122,837	204,837	7,288	212,125
Maintenance	15,044	16,538	1,757	91,513	124,853	414	125,268
Revenue arising from contracts with customers	37,062	57,435	20,841	214,351	329,690	7,703	337,394
Other revenue (Note 2)	–	201	247	1,739	2,188	–	2,188
Sales to external customers	37,062	57,637	21,088	216,091	331,879	7,703	339,582

Notes: 1. “Other” includes business segments which do not belong to any reportable segments, and includes sales to domestic coin-operated parking operators and new business ventures.
2. “Other revenue” includes lease income recognized in accordance with IFRS 16 *Leases*.

	Thousands of U.S. Dollars						
	Reportable segment					Other (Note 1)	Total
	Financial market	Retail and Transportation market	Amusement market	Overseas market	Total		
Revenue by region							
Japan	$ 231,782	$ 359,193	$ 130,337	$ –	$ 721,319	$ 48,173	$ 769,493
Americas	–	–	–	618,273	618,273	–	618,273
Europe	–	–	–	618,786	618,786	–	618,786
Asia	–	–	–	103,464	103,464	–	103,464
Revenue arising from contracts with customers	231,782	359,193	130,337	1,340,531	2,061,851	48,173	2,110,031
Revenue by type of goods or services							
Finished goods and merchandise	137,692	255,766	119,349	768,211	1,281,031	45,578	1,326,610
Maintenance	94,083	103,427	10,988	572,313	780,819	2,589	783,414
Revenue arising from contracts with customers	231,782	359,193	130,337	1,340,531	2,061,851	48,173	2,110,031
Other revenue (Note 2)	–	1,257	1,544	10,875	13,683	–	13,683
Sales to external customers	231,782	360,456	131,882	1,351,413	2,075,540	48,173	2,123,714

Notes: 1. “Other” includes business segments which do not belong to any reportable segments, and includes sales to domestic coin-operated parking operators and new business ventures.
2. “Other revenue” includes lease income recognized in accordance with IFRS 16 *Leases*.

The Group's businesses consist of the Financial, Retail and Transportation, Amusement, Overseas and Other segments. In each market, the Group manufactures and sells products and provides maintenance services.
As control of these products typically transfer to customers when they are installed at and accepted by the customer, performance obligations of the Company are satisfied at that time. Accordingly, revenue is recognized when these products are delivered at the customer's sites. For maintenance service contracts whose performance obligation is to offer full access to customers at any time, performance obligations are satisfied over time, and therefore, revenue is recognized in the amount of consideration promised in the contract with the customer over the contract term on a straight-line basis.
Revenue is measured in an amount of consideration promised in the contracts with customers less discount, etc. and the consideration for sales of products is received within approximately 90 days after a performance obligation is satisfied. The amount of consideration promised does not include any significant financing components.
When the consideration for sales of such products is received as advances, or when the consideration for the transaction associated with such maintenance contracts is received in a lump sum in advance, contract liabilities are recognized until the performance obligation is satisfied.

(2) Contract balance

Amounts of receivables, contract assets and contract liabilities arising from contracts with customers were as follows:

	Millions of Yen			Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	Date of transition (April 1, 2024)	As of March 31, 2026
Receivables from contracts with customers	¥ 66,703	¥ 65,585	¥ 85,204	$ 417,154
Contract assets	2,875	2,965	4,378	17,979
Contract liabilities	33,557	28,351	25,087	209,862

Note: No impairment losses on contract assets were recognized in the fiscal years ended March 2025, and 2026.

Contract assets primarily relate to consideration for the completed portion of performance obligations that have not been fully satisfied as of the end of the fiscal year, in connection with multi-element transactions combining products and maintenance services, among other items. Once the Group has an unconditional right to consideration, it reclassifies contract assets as receivables.
Contract liabilities are primarily related to advances received from customers in maintenance and other services.
In the consolidated balance sheet, contract assets are included in "Other current assets" and contract liabilities are included in "Other liabilities" and "Other non-current liabilities."

Revenue recognized in the fiscal years ended March 31, 2026 and 2025, that was included in the contract liability balance at the beginning of the respective period are ¥19,899 million ($124,446 thousand) and ¥23,321 million. The amounts of revenue recognized in the fiscal years ended March 31, 2026 and 2025, from performance obligations that were satisfied in previous periods are immaterial.

(3) Transaction price allocated to the remaining performance obligations

The Group has applied the practical expedient to the notes on transaction prices allocated to the remaining performance obligations and does not disclose contracts with an original expected duration of one year or less. The performance obligation mainly relates to revenue from maintenance services, and the total transaction price allocated to the remaining performance obligations and the period revenue is expected to be recognized was as follows.

There are no significant amounts arising from contracts with customers that are not included in the transaction price.

	Millions of Yen			Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	Date of transition (April 1, 2024)	As of March 31, 2026
Within one year	¥ 9,746	¥ 8,998	¥ 6,646	$ 60,950
After one year	14,998	11,900	8,897	93,796
Total	¥ 24,745	¥ 20,899	¥ 15,544	$ 154,752

(4) Assets recognized from costs incurred to acquire or fulfill contracts with customers

As of the date of transition, and March 31, 2025 and 2026, no assets were recognized from costs incurred to acquire or fulfill contracts with customers.

27. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

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

	Millions of Yen		Thousands of U.S. Dollars
	Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Employee benefit expenses	¥ 65,742	¥ 64,813	$ 411,144
Depreciation and amortization	14,505	13,999	90,712
Research and development expenditures	18,392	17,344	115,021
Commissions	8,385	8,512	52,439
Other	18,710	18,470	117,010
Total	¥ 125,735	¥ 123,140	$ 786,335

28. OTHER INCOME AND EXPENSES

(1) Other income

The breakdown of other income was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Gain on sale of fixed assets	¥ 39	¥ 64	$ 243
Income from overseas tax benefit rights and others	1,000	719	6,253
Other	533	532	3,333
Total	¥ 1,573	¥ 1,315	$ 9,837

(2) Other expenses

The breakdown of other expenses was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Loss on sale and retirement of fixed assets	¥ 110	¥ 198	$ 687
Loss on liquidation of business	13	735	81
Other	467	720	2,920
Total	¥ 591	¥ 1,655	$ 3,696

29. FINANCE INCOME AND FINANCE COSTS

(1) Finance income

The breakdown of finance income was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Interest income			
Financial assets measured at amortized cost	¥ 231	¥ 154	$ 1,444
Other	83	82	519
Dividend income			
Financial assets measured at fair value through other comprehensive income			
Financial assets held as of the end of period	198	168	1,238
Financial assets derecognized during the period	11	21	68
Financial assets measured at fair value through profit or loss	5	6	31
Other	39	16	243
Gain from change in fair value and realized gain			
Financial assets measured at fair value through profit or loss	221	2,051	1,382
Derivatives	–	66	–
Other	–	22	–
Total	¥ 790	¥ 2,590	$ 4,940

(2) Finance costs

The breakdown of finance costs was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Interest expense			
Financial liabilities measured at amortized cost	¥ 1,800	¥ 2,009	$ 11,257
Lease liabilities	573	556	3,583
Asset retirement obligations	6	10	37
Other	–	0	–
Loss on change in fair value and realized loss			
Financial assets measured at fair value through profit or loss	613	70	3,833
Derivatives	2,937	255	18,367
Foreign exchange losses, net	427	4,595	2,670
Other	2	0	12
Total	¥ 6,361	¥ 7,498	$ 39,781

(3) Derecognition of financial assets measured at amortized cost

In the fiscal years ended March 31, 2025 and 2026, there were no significant transactions to derecognize financial assets measured at amortized cost.

30. INCOME TAXES

(1) Deferred tax assets and deferred tax liabilities

The breakdown of the major causes for deferred tax assets and deferred tax liabilities was as follows:

Fiscal year ended March 31, 2025

	Millions of Yen					
	BALANCE, APRIL 1, 2024	Recognized through profit or loss	Recognized through other comprehensive income	Business combination	Other (Note)	BALANCE, MARCH 31, 2025
Deferred tax assets						
Employee benefits	¥ 11,075	¥ (1,671)	¥ 381	¥ –	¥ (6)	¥ 9,779
Unrealized profit eliminated	3,847	(787)	–	–	(5)	3,054
Research and development expenditures	951	599	–	–	(10)	1,540
Excess depreciation and amortization	1,225	9	–	–	(2)	1,232
Inventories	1,954	5	–	–	(7)	1,951
Financial assets measured at fair value through other comprehensive income	117	–	85	–	–	202
Lease liabilities	3,233	(250)	–	142	(2)	3,122
Tax loss carryforward	2,576	1,567	–	–	(61)	4,081
Other	3,257	(956)	–	–	15	2,315
Total deferred tax assets	¥ 28,238	¥ (1,484)	¥ 467	¥ 142	¥ (82)	¥ 27,281
Deferred tax liabilities						
Intangible assets	¥ 10,304	¥ (283)	¥ –	¥ 470	¥ (108)	¥ 10,383
Financial assets measured at fair value through other comprehensive income	1,716	–	185	–	–	1,901
Right-of-use assets	2,843	(65)	–	142	(0)	2,920
Undistributed earnings of foreign subsidiaries	1,264	60	–	–	–	1,325
Other	355	(269)	–	–	(0)	85
Total deferred tax liabilities	¥ 16,485	¥ (557)	¥ 185	¥ 613	¥ (109)	¥ 16,616
Deferred tax assets (liabilities), net	¥ 11,752	¥ (926)	¥ 282	¥ (470)	¥ 27	¥ 10,665

Note: Represent primarily foreign exchange translation adjustments.

Fiscal year ended March 31, 2026

	Millions of Yen					
	BALANCE, APRIL 1, 2025	Recognized through profit or loss	Recognized through other comprehensive income	Business combination	Other (Note)	BALANCE, MARCH 31, 2026
Deferred tax assets						
Employee benefits	¥ 9,779	¥ (1,422)	¥ (295)	¥ –	¥ 40	¥ 8,101
Unrealized profit eliminated	3,054	1,114	–	–	49	4,217
Research and development expenditures	1,540	339	–	–	0	1,880
Excess depreciation and amortization	1,232	(143)	–	–	8	1,098
Inventories	1,951	(1,357)	–	–	24	619
Financial assets measured at fair value through other comprehensive income	202	–	123	–	–	326
Lease liabilities	3,122	(115)	–	–	5	3,012
Tax loss carryforward	4,081	1,009	–	–	336	5,427
Other	2,315	908	–	–	46	3,271
Total deferred tax assets	¥ 27,281	¥ 334	¥ (172)	¥ –	¥ 511	¥ 27,955
Deferred tax liabilities						
Intangible assets	¥ 10,383	¥ (165)	¥ –	¥ –	¥ 636	¥ 10,854
Financial assets measured at fair value through other comprehensive income	1,901	–	843	–	–	2,744
Right-of-use assets	2,920	(10)	–	–	0	2,910
Undistributed earnings of foreign subsidiaries	1,325	188	–	–	–	1,514
Other	85	(4)	–	–	2	83
Total deferred tax liabilities	¥ 16,616	¥ 8	¥ 843	¥ –	¥ 640	¥ 18,108
Deferred tax assets (liabilities), net	¥ 10,665	¥ 326	¥ (1,015)	¥ –	¥ (128)	¥ 9,847

Note: Represent primarily foreign exchange translation adjustments.

	Thousands of U.S. Dollars					
	BALANCE, APRIL 1, 2025	Recognized through profit or loss	Recognized through other comprehensive income	Business combination	Other (Note)	BALANCE, MARCH 31, 2026
Deferred tax assets						
Employee benefits	$ 61,156	$ (8,893)	$ (1,844)	$ –	$ 250	$ 50,662
Unrealized profit eliminated	19,099	6,966	–	–	306	26,372
Research and development expenditures	9,631	2,120	–	–	0	11,757
Excess depreciation and amortization	7,704	(894)	–	–	50	6,866
Inventories	12,201	(8,486)	–	–	150	3,871
Financial assets measured at fair value through other comprehensive income	1,263	–	769	–	–	2,038
Lease liabilities	19,524	(719)	–	–	31	18,836
Tax loss carryforward	25,522	6,310	–	–	2,101	33,939
Other	14,477	5,678	–	–	287	20,456
Total deferred tax assets	$ 170,612	$ 2,088	$ (1,075)	$ –	$ 3,195	$ 174,828
Deferred tax liabilities						
Intangible assets	$ 64,934	$ (1,031)	$ –	$ –	$ 3,977	$ 67,879
Financial assets measured at fair value through other comprehensive income	11,888	–	5,272	–	–	17,160
Right-of-use assets	18,261	(62)	–	–	0	18,198
Undistributed earnings of foreign subsidiaries	8,286	1,175	–	–	–	9,468
Other	531	(25)	–	–	12	519
Total deferred tax liabilities	$ 103,914	$ 50	$ 5,272	$ –	$ 4,002	$ 113,245
Deferred tax assets (liabilities), net	$ 66,697	$ 2,038	$ (6,347)	$ –	$ (800)	$ 61,582

Note: Represents primarily foreign exchange translation adjustments.

Deferred tax assets and deferred tax liabilities on the consolidated statement of financial position were as follows.

	Millions of Yen			Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	Date of transition (April 1, 2024)	As of March 31, 2026
Deferred tax assets	¥ 25,110	¥ 23,437	¥ 23,396	$ 157,035
Deferred tax liabilities	15,263	12,771	11,643	95,453
Deferred tax assets (liabilities), net	¥ 9,847	¥ 10,665	¥ 11,752	$ 61,582

In recognizing deferred tax assets, the Group takes into consideration the possibility of utilizing deductible temporary differences or tax loss carryforwards, in whole or in part, against future taxable profit. In assessing the recoverability of deferred tax assets, the Group takes into consideration the scheduled reversal of deferred tax liabilities, expected future taxable profit, and tax planning. The Group believes that the recognized deferred tax assets are likely to be recovered based on past taxable profit levels and forecasts of future taxable profit over the period in which the deferred tax assets are deductible.

Amounts of deductible temporary differences and tax loss carryforwards for which no deferred tax assets were recognized were as follows:

	Millions of Yen			Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	Date of transition (April 1, 2024)	As of March 31, 2026
Deductible temporary differences	¥ 221	¥ 717	¥ 322	$ 1,382
Tax loss carryforwards	25,035	18,905	7,990	156,566

The periods for tax loss carryforwards for which no deferred tax assets were recognized were as follows:

	Millions of Yen			Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	Date of transition (April 1, 2024)	As of March 31, 2026
Within one year	¥ 9	¥ 129	¥ –	$ 56
After one year through five years	1,717	1,062	–	10,737
After five years	23,308	17,714	7,990	145,766
Total	¥ 25,035	¥ 18,905	¥ 7,990	$ 156,566

Total amounts of taxable temporary differences associated with the investments in subsidiaries for which no deferred tax liabilities have been recognized were ¥11,076 million ($69,268 thousand) as of March 31, 2026, ¥8,458 million as of March 31, 2025, and ¥8,018 million as of the date of transition. The Group has not recognized the above deferred tax liabilities since it is able to control the timing of the reversal of these temporary differences and it is highly probable that it will not reverse within a foreseeable period.

(2) Income tax expenses

The breakdown of income tax expenses was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Current tax expense	¥ 9,377	¥ 8,563	$ 58,642
Deferred tax expense	(321)	1,156	(2,007)
Total	¥ 9,056	¥ 9,720	$ 56,635

Note: Deferred tax expense includes amounts arising from the write-downs of deferred tax assets or the reversal of previously recognized write-downs (based on an assessment of the recoverability of deferred tax assets) of ¥601 million ($3,758 thousand) (decrease) for the fiscal year ended March 31, 2026 and ¥1,492 million (increase) for the fiscal year ended March 31, 2025.
The Group assesses its exposure to income tax arising from tax laws enacted or substantively enacted to implement the Pillar 2 Model Rules published by the Organisation for Economic Co-operation and Development (OECD). The exposure to income tax under the Pillar Two Model Rules is immaterial.

Reconciliations between the normal statutory effective tax rates and the actual effective tax rates for the fiscal years ended March 31, 2026 and 2025, were as follows. The actual effective tax rates represent the proportion of income before income taxes attributable to income tax.

	Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025
Normal effective statutory tax rate	30.6%	30.6%
(Adjustment)		
Expenses not deductible for income tax purposes	7.4	2.8
Income not taxable for income tax purposes	(0.0)	(0.8)
Tax credit related to research expenses	(3.0)	(6.5)
Withholding taxes on dividends from foreign subsidiaries	2.7	1.7
Change in unrecognized deferred tax assets	(2.4)	4.3
Applicable tax rate difference with subsidiaries	0.3	(0.3)
Reduction of deferred income taxes at fiscal year-end due to a tax rate change	0.4	0.1
Other, net	0.8	(3.8)
Actual effective tax rate	36.7%	28.1%

Note: The Company calculates the effective tax rate based on Japan’s income tax, inhabitant tax, and enterprise tax, using a rate of a rate of 30.6% for the fiscal year ended March 31, 2026 and 30.6% for the fiscal year ended March 31, 2025. Overseas subsidiaries are subject to income tax and other taxes in the jurisdiction of their location.

31. PROFIT PER SHARE

(1) Basis for calculating basic earnings per share

	Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025
Profit attributable to owners of parent (Millions of Yen)	15,388	24,504
Profit not attributable to common shareholders of parent (Millions of Yen)	–	–
Profit used for calculating basic earnings per share (Millions of Yen)	15,388	24,504
Average number of shares during the fiscal year (Shares)	54,049,254	55,790,113
Basic earnings per share (Yen)	284.71	439.22

	Fiscal year ended March 31, 2026
Profit attributable to owners of parent (Thousands of U.S. Dollars)	96,235
Profit not attributable to common shareholders of parent (Thousands of U.S. Dollars)	–
Profit used for calculating basic earnings per share (Thousands of U.S. Dollars)	96,235
Basic earnings per share (U.S. Dollars)	1.78

(2) Basis for calculating diluted earnings per share

	Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025
Profit used for calculating basic earnings per share (Millions of Yen)	15,388	24,504
Adjustments to profit or loss (Millions of Yen)	–	–
Profit used for calculating diluted earnings per share (Millions of Yen)	15,388	24,504
Average number of shares during the fiscal year (Shares)	54,049,254	55,790,113
Effect of potentially dilutive common shares Stock compensation (Shares)	1,770,780	991,180
Average number of shares during the fiscal year after dilution (Shares)	55,820,034	56,781,293
Diluted earnings per share (Yen)	275.68	431.56

	Fiscal year ended March 31, 2026
Profit used for calculating basic earnings per share (Thousands of U.S. Dollars)	96,235
Adjustments to profit or loss (Thousands of U.S. Dollars)	–
Profit used for calculating diluted earnings per share (Thousands of U.S. Dollars)	96,235
Diluted earnings per share (U.S. Dollars)	1.72

Note: In calculating basic earnings per share and diluted earnings per share, the Company's shares held in the "Board Incentive Plan (BIP) Trust Account" and "Employee Stock Ownership Plan (ESOP) Trust Account" are included in treasury shares deducted in calculating average number of shares during the fiscal year.

32. SHARE CAPITAL AND OTHER EQUITY ITEMS

(1) Share capital

Changes in the number of shares authorized and the number of shares issued were as follows:

	Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025
Type of shares	No-par-value common shares	No-par-value common shares
Number of shares authorized	150,000,000 shares	150,000,000 shares
Number of shares issued		
Beginning balance:	58,938,210	58,938,210
Change during the period	–	–
Ending balance:	58,938,210	58,938,210

Note: All shares issued by the Company are no-par-value common shares that have no restrictions on any rights, and all shares issued are fully paid-in.

(2) Treasury shares

Changes in the number of treasury shares were as follows:

	Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025
Type of shares	Treasury shares (common shares)	Treasury shares (common shares)
Number of shares issued		
Beginning balance:	3,112,287 shares	3,322,318 shares
Change during period (Notes 1, 2)	3,433,580	(210,031)
Ending balance: (Note 3)	6,545,867	3,112,287

Notes: 1. The primary factor contributing to the change in the number of shares during the fiscal year ended March 31, 2025 was a decrease of 210,375 shares resulting from the delivery of the Company's shares held by the "BIP Trust Account" and the "ESOP Trust Account."

2. The primary factors contributing to the change in the number of shares during the fiscal year ended March 31, 2026 were an increase of 3,676,100 shares resulting from the acquisition of treasury shares in accordance with a resolution of the Board of Directors, and a decrease of 242,646 shares resulting from the transfer of the Company's shares held by the "BIP Trust Account" and the "ESOP Trust Account."

3. The number of treasury shares includes 1,970,637 shares and 1,727,991 shares of the Company's shares held by the "BIP Trust Account" and the "ESOP Trust Account" as of the end of the fiscal years ended March 31, 2025 and 2026, respectively.

(3) Capital surplus

Capital surplus consists of amounts arising from capital transactions that are not included in share capital, and the major component is legal reserve.

The Companies Act of Japan stipulates that at least 50% of the amount received in payment or consideration upon the issuance of shares must be recorded as share capital, and the amount not recoded as share capital must be recorded as legal reserve.

(4) Retained earnings

Retained earnings consist of amounts recognized as profit or loss for the current and prior fiscal years and amounts transferred from other comprehensive income.

The Companies Act requires that an amount equal to 10% of retained earnings that are reduced due to the payment of dividends must be appropriated as a legal reserve or as additional paid-in capital until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of share capital. The additional paid-in capital reserved may be used to offset losses. The additional paid-in capital may be released by resolution of the general meeting of shareholders.

The Company's distributable amount under the Companies Act is calculated based on the amount of retained earnings recorded in the Company's financial records, which have been prepared in accordance with accounting standards generally accepted in Japan.

Furthermore, the Companies Act imposes certain restrictions on the calculation of the distributable amount. The Company distributes retained earnings within these limitations.

(5) Other components of equity

The details of the other components of equity are as follows:

1) Remeasurements of defined benefit plans

This represents the portion of the change resulting from the remeasurement of the defined benefit plan.

2) Net change in equity instruments measured at fair value through other comprehensive income

This represents the cumulative net change in the fair value of equity instruments measured at fair value through other comprehensive income, excluding amounts transferred to retained earnings for items that have already been derecognized.

3) Exchange differences on translation of foreign operations

This represents the exchange translation differences arising from the translation of financial statements of foreign operations.

33. DIVIDENDS

(1) Dividends paid

Fiscal year ended March 31, 2025

Resolution	Type of shares	Total amount (Millions of Yen)	Dividend per share (Yen)	Record date	Effective date
Annual shareholders' meeting held on June 21, 2024	Common shares	3,700	66	March 31, 2024	June 24, 2024
Board of Directors meeting held on November 7, 2024	Common shares	3,027	54	September 30, 2024	December 5, 2024

Notes: 1. The total amount of dividends with the record date of March 31, 2024 includes ¥29 million in dividends on the Company's shares held by the "BIP Trust Account" and the "ESOP Trust Account."

2. The total amount of dividends with the record date of September 30, 2024 includes ¥12 million in dividends on the Company's shares held by the "BIP Trust Account" and the "ESOP Trust Account."

Fiscal year ended March 31, 2026

Resolution	Type of shares	Total amount		Dividend per share		Record date	Effective date
		(Millions of Yen)	(Thousands of U.S. Dollars)	(Yen)	(U.S. Dollars)		
Annual shareholders' meeting held on June 20, 2025	Common shares	3,121	19,518	54	0.33	March 31, 2025	June 23, 2025
Board of Directors meeting held on November 10, 2025	Common shares	3,125	19,543	56	0.35	September 30, 2025	December 5, 2025

Notes: 1. The total amount of dividends with the record date of March 31, 2025 includes ¥106 million ($662 thousand) in dividends on the Company's shares held by the "BIP Trust Account" and the "ESOP Trust Account."

2. The total amount of dividends with the record date of September 30, 2025 includes ¥96 million ($600 thousand) in dividends on the Company's shares held by the "BIP Trust Account" and the "ESOP Trust Account."

(2) Dividends with a record date within the current consolidated fiscal year but an effective date in the following consolidated fiscal year

Fiscal year ended March 31, 2025

Resolution	Type of shares	Source of dividends	Total amount (Millions of Yen)	Dividend per share (Yen)	Record date	Effective date
Annual shareholders' meeting held on June 20, 2025	Common shares	Retained earnings	3,121	54	March 31, 2025	June 23, 2025

Note: The total amount of dividends with the record date of March 31, 2025 includes ¥106 million in dividends on the Company's shares held by the "BIP Trust Account" and the "ESOP Trust Account."

Fiscal year ended March 31, 2026

The following proposal was approved at the annual shareholders' meeting on June 26, 2026.

Resolution (Scheduled)	Type of shares	Source of dividends	Total amount		Dividend per share		Record date	Effective date
			(Millions of Yen)	(Thousands of U.S. Dollars)	(Yen)	(U.S. Dollars)		
Annual shareholders' meeting held on June 26, 2026	Common shares	Retained earnings	3,030	18,949	56	0.35	March 31, 2026	June 29, 2026

Note: The total amount of dividends with the record date of March 31, 2026 includes ¥96 million ($600 thousands) in dividends on the Company's shares held by the "BIP Trust Account" and the "ESOP Trust Account."

34. OTHER COMPONENTS OF EQUITY AND OTHER COMPREHENSIVE INCOME

(1) Other components of equity

Changes in each of other components of equity were as follows.

	Millions of Yen		Thousands of U.S. Dollars
	Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans			
Balance at beginning of period	¥ –	¥ –	$ –
Change during the period	683	(134)	4,271
Transfer to retained earnings	(683)	134	(4,271)
Balance at end of period	–	–	–
Equity instruments measured at fair value through other comprehensive income			
Balance at beginning of period	2,346	2,416	14,671
Change during the period	2,164	437	13,533
Transfer to retained earnings	(661)	(507)	(4,133)
Balance at end of period	3,849	2,346	24,071
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations			
Balance at beginning of period	(1,444)	–	(9,030)
Change during the period	13,039	(1,444)	81,544
Transfer to retained earnings	–	–	–
Balance at end of period	11,594	(1,444)	72,507

(2) Other comprehensive income

The breakdown of other comprehensive income and the corresponding tax effects (including non-controlling interests) for the fiscal years ended March 31, 2026 and 2025 were as follows:

	Millions of Yen					
	Fiscal year ended March 31, 2026			Fiscal year ended March 31, 2025		
	Before tax effect	Tax effect	After tax effect	Before tax effect	Tax effect	After tax effect
Items that will not be reclassified to profit or loss						
Remeasurements of defined benefit plans						
Amount arising during period	¥ 979	¥ (295)	¥ 683	¥ (516)	¥ 381	¥ (134)
Change during the period	979	(295)	683	(516)	381	(134)
Equity instruments measured at fair value through other comprehensive income						
Amount arising during period	2,884	(719)	2,164	537	(99)	437
Change during the period	2,884	(719)	2,164	537	(99)	437
Items that may be reclassified to profit or loss						
Exchange differences on translation of foreign operations						
Amount arising during period	13,109	–	13,109	(1,454)	–	(1,454)
Reclassification adjustment	38	–	38	–	–	–
Change during the period	13,147	–	13,147	(1,454)	–	(1,454)
Other comprehensive income	¥ 17,011	¥ (1,015)	¥ 15,996	¥ (1,433)	¥ 282	¥ (1,151)

	Thousands of U.S. Dollars		
	Fiscal year ended March 31, 2026		
	Before tax effect	Tax effect	After tax effect
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans			
Amount arising during period	$ 6,122	$ (1,844)	$ 4,271
Change during the period	6,122	(1,844)	4,271
Equity instruments measured at fair value through other comprehensive income			
Amount arising during period	18,036	(4,496)	13,533
Change during the period	18,036	(4,496)	13,533
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations			
Amount arising during period	81,982	–	81,982
Reclassification adjustment	237	–	237
Change during the period	82,220	–	82,220
Other comprehensive income	$ 106,385	$ (6,347)	$ 100,037

35. RELATED PARTIES

(1) Related party transactions

There were no significant transactions with related parties as of the transition date, and for the fiscal years ended March 31, 2025, and 2026, and therefore, this information is omitted.

(2) Compensation for key management personnel

Compensation for key management personnel was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Compensation and bonuses	¥ 309	¥ 479	$ 1,932
Share-based payment	91	84	569
Total	¥ 401	¥ 564	$ 2,507

Note: The key management personnel include the Company’s directors (excluding directors serving as Audit and Supervisory Committee members) for each consolidated fiscal year.

36. CASH FLOW INFORMATION

Changes in liabilities related to financing activities

Changes in liabilities related to financing activities were as follows:

Fiscal year ended March 31, 2025

	Millions of Yen						
			Changes not affecting cash flows				
	BALANCE, April 1, 2024	Changes affecting cash flows	Change in scope of consolidation	Lease transactions	Exchange differences on translation of foreign operations	Other	BALANCE, March 31, 2025
Short-term borrowings	¥ 38,286	¥ (23,072)	¥ –	¥ –	¥ (1)	¥ (94)	¥ 15,117
Long-term borrowings (Note)	42,382	(2,858)	300	–	48	(189)	39,683
Bonds payables	9,975	14,125	–	–	–	14	24,115
Lease liabilities (Note)	18,139	(6,137)	411	6,238	(145)	–	18,506
Total	¥ 108,783	¥ (17,942)	¥ 711	¥ 6,238	¥ (98)	¥ (268)	97,423

Note: Includes long-term borrowings due within one year and lease liabilities due within one year.

Fiscal year ended March 31, 2026

	Millions of Yen						
			Changes not affecting cash flows				
	BALANCE, April 1, 2025	Changes affecting cash flows	Change in scope of consolidation	Lease transactions	Exchange differences on translation of foreign operations	Other	BALANCE, March 31, 2026
Short-term borrowings	¥ 15,117	¥ (76)	¥ –	¥ –	¥ 5	¥ 425	¥ 15,471
Long-term borrowings (Note)	39,683	(4,946)	–	–	(27)	962	35,671
Bonds payables	24,115	–	–	–	–	17	24,132
Lease liabilities (Note)	18,506	(6,525)	–	5,858	883	–	18,722
Total	¥ 97,423	¥ (11,549)	¥ –	¥ 5,858	¥ 860	¥ 1,404	¥ 93,997

	Thousands of U.S. Dollars						
			Changes not affecting cash flows				
	BALANCE, April 1, 2025	Changes affecting cash flows	Change in scope of consolidation	Lease transactions	Exchange differences on translation of foreign operations	Other	BALANCE, March 31, 2026
Short-term borrowings	$ 94,540	$ (475)	$ –	$ –	$ 31	$ 2,657	$ 96,754
Long-term borrowings (Note)	248,173	(30,931)	–	–	(168)	6,016	223,083
Bonds payables	150,813	–	–	–	–	106	150,919
Lease liabilities (Note)	115,734	(40,806)	–	36,635	5,522	–	117,085
Total	$ 609,274	$ (72,226)	$ –	$ 36,635	$ 5,378	$ 8,780	$ 587,848

Note: Includes long-term borrowings due within one year, and lease liabilities due within one year.

37. NON-CASH TRANSACTIONS

The breakdown of the major non-cash transactions was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Acquisition of assets by means of a lease	¥ 6,948	¥ 7,597	$ 43,452
Increase in property, plant, and equipment resulting from the recognition of asset retirement obligations	182	49	1,138
Total	¥ 7,131	¥ 7,646	$ 44,596

38. MAJOR SUBSIDIARIES

(1) Major subsidiaries

The Company's major subsidiaries and associates are as follows:

Name	Address	Principal business	Percentage ownership of voting rights (%)
Consolidated subsidiary			
GLORY Products Ltd.	Kanzakigun, Hyogo	Financial market Retail and Transportation market Amusement market Overseas market Other	100.0
GLORY NASCA Ltd.	Sumida-ku, Tokyo	Amusement market	100.0
Hokkaido GLORY Co., Ltd.	Chuo-ku, Sapporo	Financial market Retail and Transportation market Other	100.0
GLORY Denshi Kogyo (Suzhou) Ltd.	Jiangsu Province, China	Overseas market	100.0
GLORY (PHILIPPINES), INC.	Cavite, Philippines	Overseas market	100.0
Sitrade Italia S.p.A.	Milano, Italy	Overseas market	95.0
Glory Global Solutions (International) Ltd.	Basingstoke, United Kingdom	Overseas market	100.0 (100.0)
Glory Global Solutions (France) S.A.S.	Marne La Vallee, France	Overseas market	100.0 (100.0)
Glory Global Solutions Inc.	Illinois, United States of America	Overseas market	100.0 (100.0)
Glory Global Solutions (Singapore) Pte. Ltd.	Singapore	Overseas market	100.0 (100.0)
Acrelec Group S.A.S.	Saint Thibault des Vignes, France	Overseas market	100.0 (100.0)
Flooid Midco Limited	Birmingham, United Kingdom	Overseas market	100.0 (100.0)
69 other companies			
Associate accounted for using the equity method			
AdInte co., ltd.	Shimogyo-ku, Kyoto	Other	37.3
3 other companies			

(Notes) 1. The principal business column lists the names of the business segments.
2. The figures in parentheses in the percentage ownership of voting rights represent the percentages of indirect ownership and are included in the total.

(2) Summarized financial information for subsidiaries with significant non-controlling interests

There were no subsidiaries with non-controlling interests that were individually material during the fiscal years ended March 31, 2025, and 2026.

(3) Changes in ownership interests in subsidiaries that result in no loss of control

During the fiscal year ended March 31, 2025, there were no significant transactions affecting changes in ownership interests in subsidiaries that resulted in no loss of control.

During the fiscal year ended March 31, 2026, the Company acquired an additional 20.00% of the outstanding shares of Acrelec Group S.A.S., making it a wholly-owned subsidiary. As consideration for the additional acquisition, ¥7,024 million ($43,927 thousand) in cash was paid to non-controlling interests, and the financial liability related to the written put option on shares of Acrelec Group S.A.S. granted to non-controlling interests was reversed.

The effect on the Company's ownership interest resulting from changes in ownership interests in subsidiaries that result in no loss of control was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Changes in the Company's ownership interests	¥ 19	¥ –	$ 118

(4) Gains or losses resulting from the loss of control of a consolidated subsidiary

There were no gains or losses related to the loss of control of a subsidiary during the fiscal year ended March 31, 2025.

During the fiscal year ended March 31, 2026, the Company liquidated Glory Global Solutions (Shanghai) Co., Ltd. and accordingly lost control of it. Due to the loss of control, a loss of ¥38 million ($237 thousand) was recorded under "Other expenses" in the consolidated statement of profit or loss.

39. CONTINGENCIES

Guarantees

The Group has provided the following guarantees for borrowings (mortgage loans) by employees from banks. The maximum term of these guarantees is 2030.

	Millions of Yen			Thousands of U.S. Dollars
	As of March 31, 2026	As of March 31, 2025	Date of transition (April 1, 2024)	As of March 31, 2026
Guarantee of employee debt	¥ 4	¥ 4	¥ 5	$ 25

40. SUBSEQUENT EVENTS

(Acquisition and Cancellation of Treasury Shares)

The Company's Board of Directors made a decision on May 15, 2026 regarding acquisition of treasury shares in accordance with the provisions of Article 156 of the Companies Act, as applied mutatis mutandis in accordance with Article 165, paragraph (3) thereof. Furthermore, the Company decided to cancel the treasury shares in accordance with Article 178 of the Companies Act.

1. Reason for the acquisition and cancellation of treasury shares

Based on the target of achieving a "total return ratio of 100% or more" for the fiscal year ending March 31, 2027, as set forth in the "Basic Policy on Profit Distribution and Dividends", the Company will implement the acquisition of treasury shares. Furthermore, all of the shares acquired will be cancelled.

2. Details of the share acquisition

(1) Type of shares to be acquired	Common shares of the Company
(2) Total number of shares to be acquired	4,000,000 shares (maximum) (7.4% of total shares issued, excluding treasury shares)
(3) Total amount of shares to be acquired	12.0 billion yen (75,046 thousand U.S. dollars) (maximum)
(4) Period of share acquisition	From May 18, 2026 to March 31, 2027
(5) Method of share acquisition	Market purchases on the Tokyo Stock Exchange

3. Details of the share cancellation

(1) Type of shares to be cancelled	Common shares of the Company
(2) Total number of shares to be cancelled	Number of all treasury shares acquired under 2.
(3) Planned date of cancellation	June 30, 2027

41. FIRST-TIME ADOPTION

The Group has been disclosing consolidated financial statements in accordance with IFRS from the beginning of the year ended March 31, 2026. The most recent consolidated financial statement that was prepared in accordance with accounting principles generally accepted in Japan (hereinafter referred to as "Japanese GAAP") refers to the year ended March 31, 2025, and the date of transition to IFRS is April 1, 2024.

(1) Exemption provisions to IFRS 1

In principle, IFRS requires applying the standards set forth in IFRS retrospectively to the companies applying IFRS for the first time. However, IFRS 1 allows exceptions and exemptions from certain standards set forth in IFRS, and the effects of applying exemption provisions have been adjusted in retained earnings or other components of equity at the date of transition.

The main exemption provisions that the Group has applied are as follows.

(i) Business combinations

The Group has selected not to apply IFRS 3 *Business Combinations* retrospectively to business combinations made prior to the date of transition. As a result, the amount of goodwill that arose from business combinations made prior to the date of transition has remained at its carrying amount under Japanese GAAP and has not been adjusted. The Group conducted impairment tests for such goodwill as of the date of transition, regardless of whether there are any signs of impairment.

(ii) Exchange differences for foreign operations

The Group has selected to regard cumulative exchange differences for foreign operations as of the date of transition as zero, and has recognized them in retained earnings.

(iii) Designation of financial instruments recognized prior to the date of transition

IFRS 1 allows designating financial instruments in accordance with IFRS 9 *Financial Instruments* on the basis of the facts and circumstances that exist at the date of transition to IFRS. The Group has designated its financial instruments on the basis of the circumstances as of the date of transition.

(iv) Fair value measurement of financial instruments at initial recognition

For the IFRS 9 provision on fair value measurement of financial assets or liabilities at initial recognition, the Group has selected to apply prospectively.

(v) Leases (lessee)

The Group has determined whether contracts existing at the date of transition contain leases based on the facts and circumstances as of the same date. In addition, the Group has measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition, and has measured right-of-use assets amount equal to the lease liabilities. The Group has applied IAS 36 *Impairment of Assets* to right-of-use assets as of the date of transition.

(vi) Stock compensation transactions

The Group has selected not to apply IFRS 2 *Share-based Payment* retrospectively to the stock compensation that was granted prior to the date of transition.

(vii) Borrowing costs

The Group has selected not to apply IAS 23 *Borrowing Costs* retrospectively to the borrowing costs on qualifying assets arising prior to the date of transition.

(2) Mandatory exception provisions to IFRS 1

IFRS 1 prohibits applying retrospectively for “Estimates,” “Derecognition of financial assets and financial liabilities,” “Non-controlling interests” and “Classification and measurement of financial assets,” among other matters. The Company has applied these exceptions prospectively from the date of transition.

(3) Reconciliations

Reconciliations as required by IFRS 1 are as follows. “Reclassification” in reconciliations represents items that do not affect retained earnings and comprehensive income, and “Differences between recognition and measurement” represents items that affect retained earnings and comprehensive income.

Reconciliation to equity

Date of transition (April 1, 2024)

Accounts presented under Japanese GAAP	Japanese GAAP	Reclassification	Difference between recognition and measurement	IFRS	Notes	Accounts presented under IFRS
	Millions of Yen					
Assets						Assets
Current assets						Current assets
Cash and deposits	¥ 35,224	¥ (51)	¥ 299	¥ 35,472	A	Cash and cash equivalents
Notes and accounts receivable - trade, and contract assets	86,206	(1,119)	1,070	86,157	A, B	Trade and other receivables
Electronically recorded monetary claims - operating	3,849	(3,849)	–	–		
Investments in leases	412	(412)	–	–		
	–	103,124	262	103,387	A, E	Inventories
Merchandise and finished goods	52,857	(52,857)	–	–		
Work in process	13,159	(13,159)	–	–		
Raw materials and supplies	37,106	(37,106)	–	–		
	–	2,598	36	2,634	L	Other financial assets
Other	8,546	995	347	9,889	A	Other current assets
Allowance for doubtful accounts	(1,859)	1,859	–	–		
Total current assets	235,503	23	2,015	237,541		Total current assets
Non-current assets						Non-current assets
Property, plant and equipment	–	37,397	(926)	36,471	A	Property, plant and equipment
Buildings and structures, net	15,327	(15,327)	–	–		
Machinery, equipment and vehicles, net	2,483	(2,483)	–	–		
Tools, furniture and fixtures, net	7,445	(7,445)	–	–		
Land	11,649	(11,649)	–	–		
Right-of-use assets, net	8,785	–	8,801	17,586	A, I	Right-of-use assets
Construction in progress	490	(490)	–	–		
Intangible assets	–	122,597	3,076	125,673	A, D, E	Goodwill and intangible assets
Customer relationships	36,811	(36,811)	–	–		
Software	6,234	(6,234)	–	–		
Goodwill	71,536	(71,536)	–	–		
Other	8,014	(8,014)	–	–		
Investments and other assets						
	–	3,665	–	3,665		Investments accounted for using equity method
Investment securities	14,570	(14,570)	–	–		
	–	14,761	1,547	16,308	A, C	Other financial assets
Deferred tax assets	9,111	–	14,284	23,396	A, F	Deferred tax assets
Retirement benefit asset	26,579	–	(26,579)	–		
Other	11,276	(5,957)	177	5,497		Other non-current assets
Allowance for doubtful accounts	(2,101)	2,101	–	–		
Total non-current assets	228,216	–	381	228,597		Total non-current assets
Total assets	¥ 463,719	¥ 23	¥ 2,397	¥ 466,139		Total assets

Accounts presented under Japanese GAAP	Japanese GAAP	Reclassification	Difference between recognition and measurement	IFRS	Notes	Accounts presented under IFRS
	Millions of Yen					
Liabilities						Liabilities
Current liabilities						Current liabilities
Notes and accounts payable - trade	¥ 17,678	¥ 9,862	¥ (179)	¥ 27,361	A	Trade and other payables
Electronically recorded obligations - operating	9,862	(9,862)	–	–		
Short-term borrowings	38,286	5,672	(77)	43,881	A, L	Bonds and borrowings
Current portion of long-term borrowings	5,672	(5,672)	–	–		
	–	2,752	3,427	6,179	A, I	Lease liabilities
	–	16,554	4,667	21,221	A, J	Employee benefits accruals
	–	11,589	289	11,878	A, L	Other financial liabilities
Income taxes payable	11,011	–	42	11,054	A	Income taxes payable
Contract liabilities	24,277	(24,277)	–	–		
Provision for bonuses	14,922	(14,922)	–	–		
Provision for bonuses for directors (and other officers)	186	(186)	–	–		
Provision for stock grant	464	(464)	–	–		
Other	38,720	8,434	1,760	48,915	A, K	Other current liabilities
Total current liabilities	161,083	(520)	9,930	170,493		Total current liabilities
Non-current liabilities						Non-current liabilities
Bonds payable	10,000	37,040	(279)	46,761	L	Bonds and borrowings
Long-term borrowings	37,040	(37,040)	–	–		
Lease liabilities	6,476	(35)	5,519	11,960	A, I	Lease liabilities
	–	1,820	19,122	20,943	G, J	Employee benefits
	–	4,697	3,496	8,193	L, M	Other financial liabilities
Deferred tax liabilities	12,078	–	(435)	11,643	A, F	Deferred tax liabilities
Provision for stock grant	315	(315)	–	–		
Retirement benefit liability	1,820	(1,820)	–	–		
Other	11,756	(4,583)	253	7,426		Other non-current liabilities
Total non-current liabilities	79,489	(236)	27,676	106,928		Total non-current liabilities
Total liabilities	¥ 240,572	¥ (756)	¥ 37,606	¥ 277,422		Total liabilities
Equity						
Shareholders' equity						Equity
Share capital	¥ 12,892	¥ –	¥ –	¥ 12,892		Share capital
Capital surplus	–	779	9,475	10,255	M	Capital surplus
Retained earnings	161,492	–	9,088	170,580	A, N	Retained earnings
Treasury shares	(8,097)	–	–	(8,097)		Treasury shares
Accumulated other comprehensive income	55,989	–	(53,572)	2,416	C, G, H	Other components of equity
	–	–	–	188,047		Total equity attributable to owners of parent
Non–controlling interests	870	–	(200)	669	A	Non–controlling interests
Total equity	¥ 223,147	¥ 779	¥ (35,209)	¥ 188,717		Total equity
Total liabilities and equity	¥ 463,719	¥ 23	¥ 2,397	¥ 466,139		Total liabilities and equity

As of March 31, 2025

Accounts presented under Japanese GAAP	Japanese GAAP	Reclassification	Difference between recognition and measurement	IFRS	Notes	Accounts presented under IFRS
	Millions of Yen					
Assets						Assets
Current assets						Current assets
Cash and deposits	¥ 51,580	¥ (111)	¥ –	¥ 51,468		Cash and cash equivalents
Notes and accounts receivable - trade, and contract assets	66,492	(1,187)	1,331	66,636	B	Trade and other receivables
Electronically recorded monetary claims - operating	2,091	(2,091)	–	–		
Investments in leases	340	(340)	–	–		
	–	89,323	343	89,667	E	Inventories
Merchandise and finished goods	41,028	(41,028)	–	–		
Work in process	9,385	(9,385)	–	–		
Raw materials and supplies	38,909	(38,909)	–	–		
	–	2,296	25	2,321	L	Other financial assets
Income taxes refund receivable	1,528	(1,528)	–	–		
Other	8,290	1,623	(95)	9,818		Other current assets
Allowance for doubtful accounts	(1,339)	1,339	–	–		
Total current assets	218,308	–	1,604	219,913		Total current assets
Non-current assets						Non-current assets
Property, plant and equipment	–	36,774	(774)	36,000		Property, plant and equipment
Buildings and structures, net	15,023	(15,023)	–	–		
Machinery, equipment and vehicles, net	2,728	(2,728)	–	–		
Tools, furniture and fixtures, net	7,081	(7,081)	–	–		
Land	11,626	(11,626)	–	–		
Right-of-use assets, net	9,288	–	8,787	18,075	I	Right-of-use assets
Construction in progress	314	(314)	–	–		
Intangible assets	–	112,619	12,317	124,936	D, E	Goodwill and intangible assets
Customer relationships	33,101	(33,101)	–	–		
Software	6,661	(6,661)	–	–		
Goodwill	65,172	(65,172)	–	–		
Other	7,684	(7,684)	–	–		
Investments and other assets						
	–	462	–	462		Investments accounted for using equity method
Investment securities	11,011	(11,011)	–	–		
	–	14,364	2,128	16,492	C	Other financial assets
Deferred tax assets	5,857	–	17,580	23,437	F	Deferred tax assets
Retirement benefit asset	32,899	–	(32,899)	–		
Other	12,158	(5,916)	105	6,348		Other non-current assets
Allowance for doubtful accounts	(2,101)	2,101	–	–		
Total non-current assets	218,508	–	7,244	225,753		Total non-current assets
Total assets	¥ 436,816	¥ –	¥ 8,848	¥ 445,667		Total assets

	Millions of Yen					
Accounts presented under Japanese GAAP	Japanese GAAP	Reclassification	Difference between recognition and measurement	IFRS	Notes	Accounts presented under IFRS
Liabilities						Liabilities
Current liabilities						Current liabilities
Notes and accounts payable - trade	¥ 14,018	¥ 5,376	¥ –	¥ 19,395		Trade and other payables
Electronically recorded obligations - operating	5,376	(5,376)	–	–		
Short-term borrowings	15,117	4,617	(34)	19,700	L	Bonds and borrowings
Current portion of long-term borrowings	4,617	(4,617)	–	–		
	–	3,128	3,442	6,570	I	Lease liabilities
	–	12,860	5,015	17,875	J	Employee benefits accruals
	–	10,832	57	10,890	L	Other financial liabilities
Income taxes payable	968	–	–	968		Income taxes payable
Contract liabilities	26,279	(26,279)	–	–		
Provision for bonuses	11,271	(11,271)	–	–		
Provision for bonuses for directors (and other officers)	300	(300)	–	–		
Provision for stock grant	554	(554)	–	–		
Other	33,192	11,092	11	44,295	K	Other current liabilities
Total current liabilities	111,698	(493)	8,491	119,696		Total current liabilities
Non-current liabilities						Non-current liabilities
Bonds payable	24,200	35,307	(291)	59,215	L	Bonds and borrowings
Long-term borrowings	35,307	(35,307)	–	–		
Lease liabilities	6,357	(43)	5,622	11,936	I	Lease liabilities
	–	1,852	17,245	19,097	G, J	Employee benefits
	–	4,664	3,733	8,397	L, M	Other financial liabilities
Deferred tax liabilities	12,547	–	224	12,771	F	Deferred tax liabilities
Provision for stock grant	347	(347)	–	–		
Retirement benefit liability	1,852	(1,852)	–	–		
Other	12,836	(4,682)	253	8,407		Other non-current liabilities
Total non-current liabilities	93,448	(408)	26,786	119,826		Total non-current liabilities
Total liabilities	¥ 205,146	¥ (901)	¥ 35,277	¥ 239,523		Total liabilities
Equity						
Shareholders' equity						Equity
Share capital	12,892	–	–	12,892		Share capital
Capital surplus	150	901	9,474	10,525	M	Capital surplus
Retained earnings	170,886	–	17,872	188,758	N	Retained earnings
Treasury shares	(7,705)	–	–	(7,705)		Treasury shares
Accumulated other comprehensive income	54,682	–	(53,780)	901	C, G, H	Other components of equity
	–	–	–	205,373		Total equity attributable to owners of parent
Non-controlling interests	764	–	5	769		Non-controlling interests
Total equity	¥ 231,670	¥ 901	¥ (26,429)	¥ 206,143		Total equity
Total liabilities and equity	¥ 436,816	¥ —	¥ 8,848	¥ 445,667		Total liabilities and equity

Notes on adjustments to equity

(i) Reclassification

The Group has made reclassification in order to comply with IFRS, mainly as described below.

- Of "Notes and accounts receivable - trade, and contract assets" which have been separately presented under Japanese GAAP, "Notes receivables" and "Accounts receivable - trade" have now been presented as "Trade and other receivables," and "Contract assets" has now been presented as "Other current assets."
- "Merchandise and finished goods," "Work in process" and "Raw materials and supplies" which have been separately presented under Japanese GAAP have now been presented collectively as "Inventories."
- "Investments accounted for using equity method" which has been included in "Investment securities" under Japanese GAAP has now been presented separately.
- "Other financial assets" and "Other financial liabilities" have now been presented separately.

(ii) Adjustment of recognition and measurement

A. Changes in the end of a fiscal year

Due to the changes of the end of a fiscal year for certain subsidiaries from December 31 to March 31, the Group has adjusted profit or loss for the three-month period from January 1, 2024 to March 31, 2024 as a change in retained earnings for the previous fiscal year under Japanese GAAP. However, under IFRS, this adjustment has been made to the balances of relevant accounts at the date of transition.

B. Trade and other receivables

Certain lessor lease contracts which have been classified as operating leases under Japanese GAAP have now been recorded as finance leases for lease receivables under IFRS.

C. Financial instruments

Under Japanese GAAP, non-marketable equity instruments have been recorded at cost. IFRS allows designating equity financial assets as financial assets measured at fair value through other comprehensive income, and the Group has recognized profit or loss on the sale of such designated equity financial assets and impairment losses in "Other comprehensive income." Certain financial instruments are classified as financial assets measured at fair value through profit or loss, and fair value changes have been recognized in profit or loss.

D. Goodwill

Goodwill has been amortized over its effective period under Japanese GAAP. However, under IFRS, amortization has not been made after the date of transition.

E. Intangible assets

Certain development costs that have been expensed under Japanese GAAP have now been recorded as intangible assets under IFRS since they meet the requirements specified in IAS 38 *Intangible Assets*.

F. Tax effect

Due to the temporary differences resulting from adjustment from Japanese GAAP to IFRS, and reassessment of recoverability of deferred tax assets, the Group adjusted the amounts of "Deferred tax assets" and "Deferred tax liabilities." In addition, for the tax effect associated with elimination of unrealized profit or loss, the tax rate of the seller has been used under Japanese GAAP. Under IFRS, the tax rate of the buyer has now been used for calculation.

G. Remeasurement of defined benefit plans

Under Japanese GAAP, actuarial differences and past service costs for defined benefit plans have been recognized as "Accumulated other comprehensive income," and subsequently have been recognized as profit or loss over a certain future period.

On the other hand, under IFRS, actuarial differences have been recognized as "Other comprehensive income" at the time of occurrence, and transferred to "Retained earnings" immediately. Past service costs have been recognized as profit or loss at the time of occurrence.

In addition, unlike Japanese GAAP, when the defined benefit plan is overfunded, the net amount of defined benefit assets is limited to the maximum asset limit, and "Retirement benefit asset" have been decreased.

H. Exchange differences on translation of foreign operations

In applying IFRS, the Group has selected to apply the exemption provisions for the cumulative exchange adjustments of foreign operations set forth in IFRS 1, regard the cumulative translation adjustments of foreign operations as zero as of the date of transition, and have recognized it in "Retained earnings."

I. Leases

Under Japanese GAAP, lessee's leases have been classified as finance leases or operating leases, and operating leases have been accounted for in a manner consistent with that applied to ordinary lease transactions. Under IFRS, lessee's leases have not been classified as finance leases or operating leases. Lease transactions have been recognized as "Right-of-use assets" and "Lease liabilities."

J. Liabilities related to paid leave

Liabilities related to paid leave which has not been recognized under Japanese GAAP, have now been recognized as liabilities for unused paid leave under IFRS.

K. Levy

Under Japanese GAAP, items that correspond to levy such as property taxes, for which a payment obligation has arisen, has been expensed over the fiscal year. Under IFRS, however, the full amount has been expensed at the time the payment obligation arises and has been recorded as "Other current liabilities."

L. Derivatives and borrowings

Under Japanese GAAP, the allocation method to currency swaps and the special treatment method to interest rate swaps that met the requirement for special treatment have been applied. However, since the Group has decided not to apply hedge accounting under IFRS, they have now been measured at fair value through profit or loss.

M. Short put options related to non-controlling shareholders

Short put options on subsidiary shares granted to non-controlling interest holders have not been recognized as liabilities under Japanese GAAP. However, under IFRS, the present value of the exercise price has been recognized as "Other financial liabilities" and has reduced "Capital surplus" by that amount. In addition, when non-controlling shareholders exercise their rights, the Group reverses the amounts recorded under "Other financial liabilities" and "Non-controlling interests," and recognizes the difference between the exercise price and the amount paid in as "Capital surplus."

N. Adjustments to retained earnings

The impact of adopting IFRS on retained earnings was as follows. The amounts below reflect adjustments for related tax effects. (Amount in parenthesis refers to loss)

	Millions of Yen	
	Date of transition (April 1, 2024)	As of March 31, 2025
Financial instruments	¥ (11,389)	(11,507)
Intangible assets	3,081	3,662
Goodwill	–	8,663
Exchange differences on translation of foreign operations	41,060	41,060
Leases	443	360
Liabilities related to paid leave	(4,247)	(4,513)
Levy	(184)	(210)
Remeasurement of defined benefit plans	(18,315)	(20,589)
Tax effects	327	1,049
Changes in the end of a fiscal year	(1,033)	–
Others	(652)	(99)
Adjustment to retained earnings	¥ 9,088	¥ 17,872

Reconciliation to profit or loss and comprehensive income
Fiscal year ended March 31, 2025

Accounts presented under Japanese GAAP	Japanese GAAP	Reclassification	Adjustment of recognition and measurement	IFRS	Notes	Accounts presented under IFRS
	Millions of Yen					
Net sales	¥ 369,017	¥ –	¥ (372)	¥ 368,645		Revenue
Cost of sales	202,665	–	398	203,064	B, D	Cost of sales
Gross profit	166,351	–	(771)	165,580		Gross profit
Selling, general and administrative expenses	129,587	–	(6,446)	123,140	A, B, D	Selling, general and administrative expenses
	–	68	–	68		Impairment loss
	–	1,428	(112)	1,315		Other income
	–	1,685	(30)	1,655		Other expenses
Operating income	36,764	(325)	5,594	42,032		Operating profit
Non-operating income	3,632	(3,632)	–	–		
Non-operating expenses	10,391	(10,391)	–	–		
	–	2,907	(317)	2,590	E	Finance income
	–	7,212	286	7,498	E	Finance costs
Extraordinary income	703	(703)	–	–		
Extraordinary losses	1,269	(1,269)	–	–		
	–	(2,696)	183	(2,512)		Share of profit (loss) of investments accounted for using equity method
Income before income taxes	29,438	–	5,174	34,612		Profit before tax
	–	11,881	(2,161)	9,720	C	Income tax expense
Income taxes - current	8,694	(8,694)	–	–		
Income taxes - deferred	3,186	(3,186)	–	–		
Net income	17,557	–	7,335	24,892		Profit
Other comprehensive income						Other comprehensive income
						Items that will not be reclassified to profit or loss
Valuation difference on available-for-sale securities	(263)	–	700	437	E	Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income
Remeasurements of defined benefit plans, net of tax	349	–	(483)	(134)	D	Remeasurements of defined benefit plans
						Items that may be reclassified to profit or loss
Foreign currency translation adjustment	(1,403)	–	(51)	(1,454)		Exchange differences on translation of foreign operations
Total other comprehensive income	(1,317)	–	166	(1,151)		Total other comprehensive income
Comprehensive income	¥ 16,240	¥ –	¥ 7,500	¥ 23,740		Comprehensive income

Notes on adjustments to profit or loss and comprehensive income

(i) Reclassification

Items presented as “Non-operating income,” “Non-operating expenses,” “Extraordinary income,” and “Extraordinary losses” under Japanese GAAP, have now been presented as “Financial income” and “Financial costs” for financial items, and as “Other income,” “Other expenses,” and “Share of profit (loss) of investments accounted for using equity method” for all other items under IFRS.

(ii) Adjustment of recognition and measurement

A. Goodwill

Goodwill has been amortized over its effective period under Japanese GAAP. However, under IFRS, amortization has not been made after the date of transition.

B. Intangible assets

Certain development costs that are expensed under Japanese GAAP have now been recorded as intangible assets under IFRS since they meet the requirements specified in IAS 38 *Intangible Assets*.

C. Tax effects

Due to the temporary differences resulting from adjustment from Japanese GAAP to IFRS, and reassessment of recoverability of deferred tax assets, the Group adjusted the amounts of “Deferred tax assets” and “Deferred tax liabilities.” In addition, for the tax effect associated with elimination of unrealized profit or loss, the tax rate of the seller has been used under Japanese GAAP. Under IFRS, the tax rate of the buyer has now been used for calculation.

D. Remeasurement of defined benefit plans

Under Japanese GAAP, actuarial differences and past service costs for defined benefit plans have been recognized as “Accumulated other comprehensive income,” and subsequently have been recognized as profit or loss over certain future period.

On the other hand, under IFRS, actuarial differences have been recognized as “Other comprehensive income” at the time of occurrence, and transferred to “Retained earnings” immediately. Past service costs have been recognized as profit or loss at the time of occurrence.

In addition, unlike Japanese GAAP, when the defined benefit plan is overfunded, the net amount of defined benefit assets is limited to the maximum asset limit, and the related adjustment is recognized in “Other comprehensive income” and transferred to “Retained earnings” immediately.

E. Financial instruments

Under Japanese GAAP, loss (gain) on sale of equity instruments and impairment loss have been recognized as net income or loss. However, under IFRS, changes in the fair value of equity instruments designated as measured at fair value through other comprehensive income has been recognized as “Other comprehensive income” and transferred to “Retained earnings” upon derecognition. In addition, if a financial asset has been classified as a financial asset measured at fair value through profit or loss in accordance with IFRS, it is measured at fair value, and changes in fair value are recognized in profit or loss.

(4) Notes on adjustments to cash flows

The main differences between the consolidated statements of cash flows prepared in accordance with Japanese GAAP and those prepared in accordance with IFRS are as follows.

- Due to the adoption of IFRS 16 *Leases*, the Group has reclassified lease payments which have been classified as operating leases under Japanese GAAP from cash flows from operating activities to cash flows from financing activities as “Repayments of lease liabilities.”
- Under IFRS, the Group has reclassified development costs that meet the requirements for capitalization from cash flows from operating activities to cash flows from investing activities.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of GLORY LTD.:

<Audit of Consolidated Financial Statements>

Opinion

We have audited the consolidated financial statements of GLORY LTD. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as of March 31, 2026, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information, all expressed in Japanese yen.

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

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 2 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

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

Key Audit Matter

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

Key Audit Matter Description

[Valuation of Goodwill]

As stated in Note 16. "IMPAIRMENT OF NON-FINANCIAL ASSETS (2) Impairment testing on goodwill," to the consolidated financial statements as of March 31, 2026, GLORY LTD. (the "Company") recognized goodwill of ¥78,656 million (17.4% of the total consolidated assets). The Company recorded the goodwill of ¥48,186 million (10.6% of the total consolidated assets), arising from the acquisition of Talaris Topco Limited (currently, Glory Global Solutions (International) Ltd.) by Glory Global Solutions Ltd. (currently, Glory Global Solutions (International) Ltd.) in July 2012, and from the acquisition of Revolution Retail Systems, LLC (currently, Glory Global Solutions Inc.) by Glory Global Solutions Inc. in November 2021. The Company allocates these goodwill balances to a single cash generating unit for the impairment testing. The Company performs the impairment testing annually and whenever any indication of impairment is identified.

When testing for impairment, the Company measures the recoverable amount of the cash generating unit to which the goodwill is allocated based on its value in use. The value in use is calculated using the present value of the future cash flows. Based on the impairment testing performed, the Company concluded recognition of impairment loss was unnecessary as the recoverable amount exceeded the carrying amount.

The future cash flows are based on the mid-term profit plan approved by management, and for the periods beyond the mid-term profit plan, the Company assumes continuous growth at a certain growth rate. The calculation of Earnings Before Interest, Taxes, which is a source of the future cash flows under the mid-term profit plan, also uses significant assumptions, which are the increase in the expected product sales volume in the Americas and the expected long-term average growth rate for the periods beyond the mid-term profit plan. These assumptions are mainly subject to the changes in investment demands of retailers and financial institutions in the Americas. As the Company's business environment is undergoing significant changes which are driven by factors such as the spread of cashless payments and the global consolidation of financial institutions, these assumptions involve uncertainties from management's judgment.

In addition, the estimate of the discount rate used for the calculation of the present value is complicated because it requires highly specialized knowledge of finance theory. Such estimate is also affected by management's judgment as certain assumptions are included in the calculation of the discount rate.

The estimates of uncertain future cash flows and the discount rate calculated through a highly complicated process are affected by management's judgment. In case reasonable assumptions are not used, the Company's financial position and its financial performance may not be appropriately presented. Thus, we identified the valuation of goodwill as a key audit matter.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures to assess the Company's impairment testing of goodwill included the following, among others:

(1) Internal control testing

We understood and evaluated the design and operating effectiveness of controls related to the review and the approval over the Company's mid-term profit plan and the calculation of the present value of the future cash flows.

We focused particularly on the controls designed to ensure the following:

- The product sales volume plan in the Americas is based on available external data such as market forecasts, and internal data such as sales order, order backlog and pipeline.
- The long-term average growth rate is consistent with the market environment.
- The discount rate is appropriately calculated based on finance theory.

(2) Evaluating the reasonableness of the present value of the future cash flows

- We evaluated the significant assumption of the increase in the expected product sales volume in the Americas in the Company's mid-term profit plan by discussing with management, comparing with available external data such as market forecasts and internal data such as sales orders, order backlog and pipeline, and performing trend analyses of actual financial results. We also compared the prior year's profit plans with the actual financial results to evaluate the accuracy of the management's estimation.

- We evaluated management's assessments of the uncertainties over the assumptions used in the Company's mid-term profit plan by performing sensitivity analyses to measure the impact on the value in use.

- With the assistance of our valuation specialists, we evaluated the reasonableness of the assumptions used by management by comparing the long-term average growth rates calculated by the specialists using available external data with the long-term average growth rates used by the Company.

- With the assistance of our valuation specialists, we tested the appropriateness of the discount rate used by management. We also tested whether there were significant differences between the discount rate and the present value of future cash flows independently calculated by the specialists and those calculated by the Company.

Other Information

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

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

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, 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 IFRS Accounting Standards as issued by the IASB and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with IFRS Accounting Standards as issued by the IASB, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

<Fee-Related Information>

Fees for audit and other services for the year ended March 31, 2026, which were charged by us and our network firms to GLORY LTD. and its subsidiaries were ¥527 million and ¥105 million, respectively.

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

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

Deloitte Touche Tohmatsu LLC
September 11, 2026