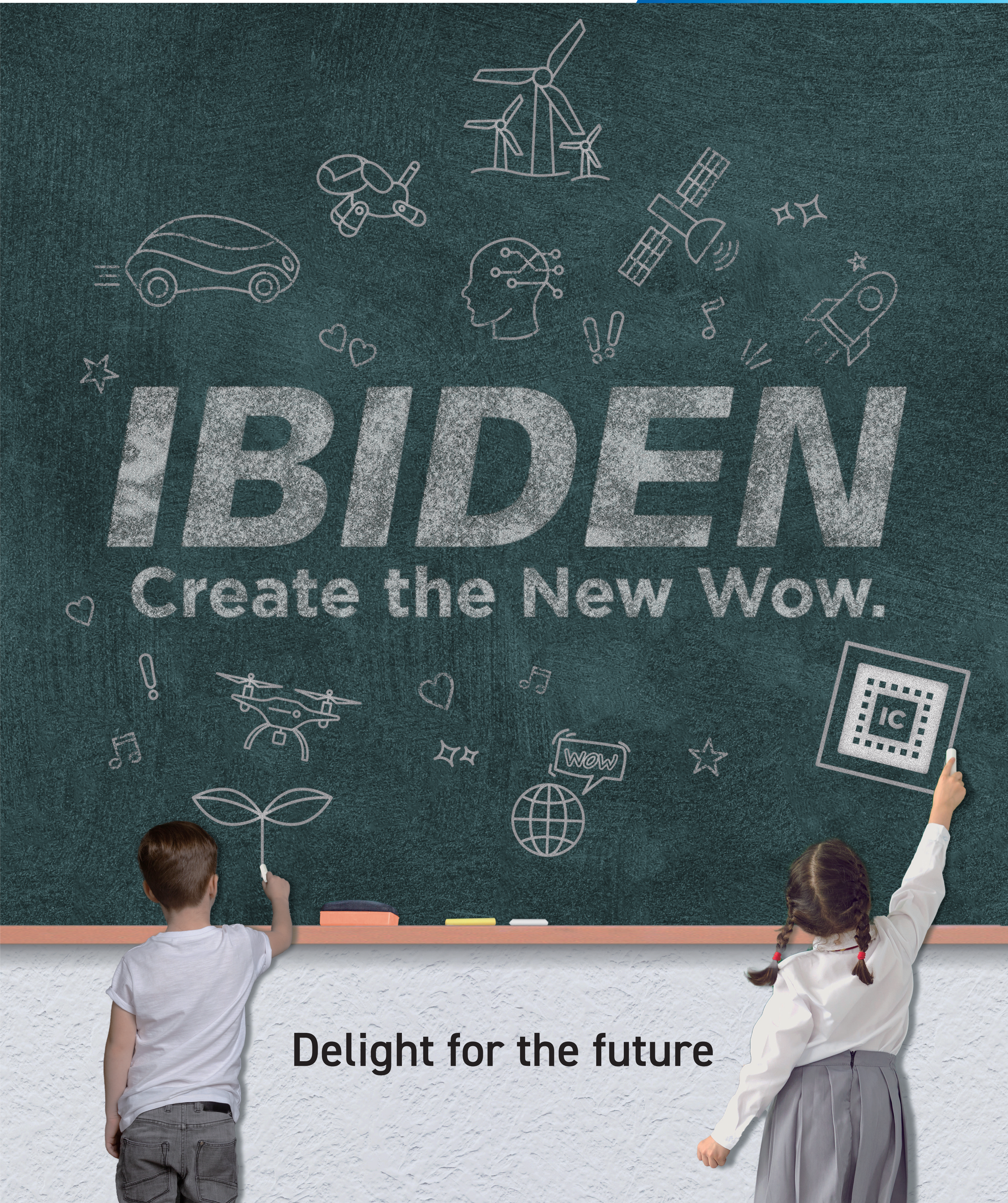
IBIDEN Co., Ltd.

# Financial Review 2024

Year Ended March 31, 2024



# Consolidated Financial Statements

# IBIDEN CO., LTD.
# and
# Consolidated Subsidiaries

***Year Ended March 31, 2024***
***with Independent Auditor's Report***

IBIDEN CO., LTD. and Consolidated Subsidiaries

# Consolidated Financial Statements

Year Ended March 31, 2024

## Contents

# Independent auditor's report

**To the Board of Directors of IBIDEN CO., LTD.:**

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of IBIDEN CO., LTD. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheet as at March 31, 2024, the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the year then ended , and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in 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 ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

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

**Accuracy of the accounting treatment for acquisitions of property, plant and equipment as part of the large-scale capital investments in the Electronics operation**

| The key audit matter | How the matter was addressed in our audit |
|---|---|
| During the current fiscal year, IBIDEN CO., LTD. (the "Company") made capital | The primary procedures we performed to assess the accuracy of the accounting treatment for acquisitions of |

| | |
|---|---|
| investments totalling ¥133,677 million mainly for production facilities and equipment in the Electronics operation. This amount accounted for 11.8% of total assets in the consolidated financial statements for the current fiscal year. The amount of assets that were transferred from construction in progress to the respective accounts within property, plant and equipment for the current fiscal year was ¥21,409 million.<br><br>Capital investments are transferred to the respective accounts within property, plant and equipment, such as machinery and equipment, and depreciation of those assets starts when they are placed in service.<br><br>As a result of aggressive capital investments in the Electronics operation, the transaction volume and amount have increased. Accordingly, inaccurate accounting treatment for capital investments, including the amounts recognized, the timing of recognition, the accounts used, and the timing of when depreciation of the acquired assets starts, could have a significant effect on the consolidated financial statements.<br><br>We, therefore, determined that our assessment of the accuracy of the accounting treatment for acquisitions of property, plant and equipment as part of the large-scale capital investments in the Electronics operation of the Company was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter. | property, plant and equipment as part of the large-scale capital investments in the Electronics Operation of the Company included the following:<br><br>**(1) Internal control testing**<br><br>We tested the design and operating effectiveness of certain internal controls of the Company that are relevant to the transactions to acquire property, plant and equipment. In the assessment, we focused our testing on controls to ensure the accuracy of the amounts recognized, the timing of recognition, the accounts used, and the timing of when depreciation of the acquired assets starts.<br><br>**(2) Assessment of the accuracy of the amounts recognized, the timing of recognition, the accounts used, and the timing of when depreciation of the acquired assets started**<br><br>● We confirmed the progress of the large-scale capital investments in the Electronics operation through inquiry of management and inspection of related documents, compared the investment plan with the actual amount and timing recorded, and examined the reasonableness of any discrepancies;<br><br>● We traced recorded transactions of property, plant and equipment acquisitions to purchase orders, delivery forms, installation certificates, and other documents evidencing the acquisition transactions; and<br><br>● We assessed whether the accounts used, the acquisition costs, and the timing of when depreciation started were accurately registered within the basic information used for the depreciation calculation of the acquired assets, by comparing the basis information with the relevant lists of assets to be recognized, which was used as the approval form on the accounts used, the acquisition costs, and the dates on which the assets were placed into service. |

**Appropriateness of the Company's judgment as to whether an impairment loss should be recognized on the fixed assets of IBIDEN Philippines, Inc., a consolidated subsidiary, belonging to the Electronics segment**

| The key audit matter | How the matter was addressed in our audit |
|---|---|
| As described in Note 3. "Significant Accounting Estimates" to the consolidated | In order to assess the appropriateness of the Company's judgment as to whether an impairment loss should be |

| | |
|---|---|
| financial statements, the consolidated balance sheet of IBIDEN CO., LTD. (the "Company") and its consolidated subsidiaries for the current fiscal year included fixed assets of ¥49,747 million held by IBIDEN Philippines, Inc., a consolidated subsidiary, belonging to the Electronics segment, which accounted for approximately 4.4% of total assets in the consolidated financial statements.<br><br>IBIDEN Philippines, Inc. prepares its financial statements in accordance with International Financial Reporting Standards and performs an impairment test on a cash-generating unit (CGU) to which fixed assets belong, when there is an impairment indicator. In the impairment testing, when the recoverable amount of the CGU is less than the carrying amount, IBIDEN Philippines, Inc. reduces the carrying amount to the recoverable amount and recognizes the resulting decrease in the carrying amount as an impairment loss. The recoverable amount is the higher of either the value in use or the fair value less cost of disposal.<br><br>An impairment indicator was identified for IBIDEN Philippines, Inc. as it reported recurring operating losses for consecutive years due to severe market conditions surrounding its Electronics operation, resulting from continuing weak demand for products used in personal computers and general-purpose servers. Therefore, an impairment test was performed during the current fiscal year. However, since the recoverable amount exceeded the carrying amount, management concluded that the recognition of an impairment loss was not deemed necessary.<br><br>IBIDEN Philippines, Inc. used the value in use as the recoverable amount in the impairment testing. The future cash flows used to measure the value in use were estimated based on the mid-term management plan of the Electronics segment prepared by management. Key assumptions underlying the management plan, such as future sales growth rates and profit margins, involved a high degree of uncertainty because they were highly dependent upon the personal computer and general-purpose server market trends. Accordingly, management's | recognized on the fixed assets of IBIDEN Philippines, Inc., a consolidated subsidiary, belonging to the Electronics segment, we inquired of management and of personnel responsible for the operation of the Electronics segment regarding key assumptions and the rationale for their adoption in preparing the mid-term management plan of the Electronics segment which formed the basis for estimating future cash flows.<br><br>In addition, we requested the component auditor of IBIDEN Philippines, Inc. to perform an audit and then evaluated the report of the component auditor to conclude on whether sufficient and appropriate audit evidence was obtained mainly from the following procedures.<br><br>**(1) Internal control testing**<br><br>Test of the design and operating effectiveness of certain of IBIDEN Philippines, Inc.'s internal controls relevant to measuring the value in use used for the impairment testing of the CGU, with a greater focus on controls designed to ensure the reasonableness of the estimated future cash flows used for calculating the value in use.<br><br>**(2) Assessment of the reasonableness of the estimated value in use**<br><br>Assessment of the reasonableness of key assumptions used to calculate the value in use by performing the following procedures:<br><br>● Comparison of the estimated sales growth rates and profit margins with past results, as well as comparison of assumptions for sales growth rates with information obtained from external research organizations;<br><br>● Comparison of management's estimate of future cash flows with those independently estimated by incorporating the effect of specific uncertainties into the business plan after considering the results of their evaluation on the reasonableness of key assumptions as well as their assessment of the past business plan including the causes of variances with actual results;<br><br>● Assessment of the appropriateness of the model used to estimate the discount rate based on subject matters relevant to valuation and the requirements of accounting standards;<br><br>● Assessment of the reasonableness of the input data used to estimate the discount rate through comparison with data published by external organizations; and<br><br>● Analysis of the sensitivity to changes in the input data used to estimate the discount rate on the |

| | |
|---|---|
| judgment thereon had a significant effect on the estimated future cash flows.<br><br>In addition, selecting appropriate models and input data for estimating the discount rate used to calculate the value in use required a high degree of expertise in valuation.<br><br>We, therefore, determined that our assessment of the appropriateness of the Company's judgment as to whether an impairment loss should be recognized on the fixed assets of IBIDEN Philippines, Inc., a consolidated subsidiary, belonging to the Electronics segment was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter. | Company's judgment as to whether or not an impairment loss should be recognized. |

## Other Information

The other information comprises the information included in the disclosure documents that contain or accompany the audited financial statements, but does not include the financial statements and our auditor's report thereon.

We do not perform any work on the other information as we determine such information does not exist.

## Responsibilities of Management and 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 accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Evaluate the appropriateness of accounting policies used 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 presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with Audit 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 paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its consolidated subsidiaries for the current year are 202 million yen and 72 million yen, respectively.

## Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2024 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 7 to the consolidated financial statements.

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

We 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.

Hisashi Ohkita

Designated Engagement Partner

Certified Public Accountant

Akihiro Sugiura

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Nagoya Office, Japan

August 30, 2024

Notes to the Reader of Independent Auditor’s Report:

This is a copy of the Independent Auditor’s Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

IBIDEN CO., LTD. and Consolidated Subsidiaries

# Consolidated Balance Sheets

March 31, 2024

| | *Millions of yen* | | *Thousands of U.S. dollars (Note 7)* |
|---|---|---|---|
| | **2024** | 2023 | **2024** |
| **Assets** | | | |
| Current assets: | | | |
| Cash and deposits *(Notes 10 and 25)* | **¥ 443,584** | ¥ 302,420 | **$ 2,931,235** |
| Notes, accounts receivable and contract assets *(Notes 10 and 27)*: | | | |
| Trade | **60,981** | 75,942 | **402,966** |
| Other | **4,174** | 2,950 | **27,582** |
| Allowance for doubtful accounts | **(82)** | (60) | **(540)** |
| Electronically recorded monetary claims *(Notes 10 and 27)* | **4,432** | 3,563 | **29,284** |
| Inventories: | | | |
| Merchandise and finished goods | **19,827** | 30,872 | **131,021** |
| Work in process | **19,757** | 21,191 | **130,558** |
| Raw materials and supplies | **25,735** | 27,133 | **170,056** |
| Other current assets *(Notes 10 and 26)* | **22,403** | 12,815 | **148,041** |
| Total current assets | **600,811** | 476,826 | **3,970,203** |
| | | | |
| Property, plant and equipment: | | | |
| Land *(Note 20)* | **20,690** | 20,360 | **136,719** |
| Buildings and structures *(Note 18 )* | **229,978** | 227,466 | **1,519,715** |
| Machinery and equipment *(Note 18)* | **533,870** | 540,210 | **3,527,853** |
| Leased assets | **706** | 628 | **4,665** |
| Construction in progress *(Note 18)* | **234,909** | 119,038 | **1,552,296** |
| | **1,020,153** | 907,702 | **6,741,248** |
| Accumulated depreciation and impairment loss | **(611,375)** | (600,735) | **(4,040,014)** |
| Property, plant and equipment, net | **408,778** | 306,967 | **2,701,234** |
| | | | |
| Investments and other assets: | | | |
| Investment securities *(Notes 10, 11 and 13)*: | | | |
| Affiliates | **29** | 27 | **192** |
| Other | **110,137** | 61,316 | **727,796** |
| Long-term loans receivable | **8** | 8 | **53** |
| Deferred tax assets *(Notes 3 and 16)* | **4,253** | 5,534 | **28,104** |
| Other assets | **6,174** | 7,069 | **40,794** |
| Allowance for doubtful accounts | **(198)** | (238) | **(1,307)** |
| Total investments and other assets | **120,403** | 73,716 | **795,632** |
| Total assets *(Note 28)* | **¥ 1,129,992** | ¥ 857,509 | **$ 7,467,069** |

| | *Millions of yen* | | *Thousands of U.S. dollars (Note 7)* |
|---|---|---|---|
| | **2024** | 2023 | **2024** |
| **Liabilities and Net Assets** | | | |
| Current liabilities: | | | |
| Short-term borrowings and current portion of long-term debt *(Notes 10 and 12)* | **¥ 90,000** | ¥ 65,030 | **$ 594,727** |
| Notes and accounts payable *(Note 13)*: | | | |
| Trade | **28,043** | 23,496 | **185,312** |
| Other | **62,388** | 27,076 | **412,266** |
| Electronically recorded obligations : | | | |
| Operating | **12,507** | 12,169 | **82,645** |
| Facilities | **52,931** | 26,602 | **349,775** |
| Lease obligations *(Note 14)* | **128** | 93 | **845** |
| Accrued expenses | **7,254** | 7,695 | **47,936** |
| Income taxes payable *(Note 16)* | **4,145** | 14,269 | **27,389** |
| Provision for bonuses for employees | **4,872** | 5,139 | **32,191** |
| Provision for bonuses for directors and audit and supervisory board members | **122** | 186 | **806** |
| Advances received *(Note 5)* | **80,098** | 30,773 | **529,295** |
| Other current liabilities *(Notes 5, 10, 26 and 27)* | **15,875** | 10,793 | **104,900** |
| Total current liabilities | **358,363** | 223,321 | **2,368,087** |
| Long-term liabilities: | | | |
| Long-term debt *(Notes 10 and 12)* | **253,477** | 205,000 | **1,674,994** |
| Lease obligations *(Note 14)* | **130** | 167 | **861** |
| Liability for retirement benefits *(Note 15)* | **752** | 574 | **4,968** |
| Provision for share-based compensation (*Note 6*) | **564** | 548 | **3,729** |
| Deferred tax liabilities *(Note 16)* | **13,434** | 825 | **88,770** |
| Other long-term liabilities | **1,475** | 1,468 | **9,749** |
| Total long-term liabilities | **269,832** | 208,582 | **1,783,071** |
| Net Assets: | | | |
| Shareholders' equity *(Note 17)*: | | | |
| Common stock: | | | |
| Authorized – 230,000,000 shares | | | |
| Issued – 140,860,557 shares in 2024 and 2023 | **64,152** | 64,152 | **423,926** |
| Capital surplus | **64,494** | 64,494 | **426,183** |
| Retained earnings | **255,698** | 229,804 | **1,689,675** |
| Less treasury stock, at cost | **(2,983)** | (3,127) | **(19,714)** |
| Total shareholders' equity | **381,361** | 355,323 | **2,520,070** |
| Accumulated other comprehensive income: | | | |
| Net unrealized holding gain on other securities | **58,658** | 24,431 | **387,616** |
| Deferred gains or losses on hedges | **1** | - | **5** |
| Surplus arising from land revaluation *(Note 20)* | **160** | 160 | **1,058** |
| Translation adjustments | **54,764** | 39,324 | **361,881** |
| Total accumulated other comprehensive income | **113,583** | 63,915 | **750,560** |
| Non-controlling interests *(Note 23)* | **6,853** | 6,368 | **45,281** |
| Total net assets *(Note 23)* | **501,797** | 425,606 | **3,315,911** |
| Total liabilities and net assets | **¥ 1,129,992** | ¥ 857,509 | **$ 7,467,069** |

*See accompanying Notes to Consolidated Financial Statements.*

IBIDEN CO., LTD. and Consolidated Subsidiaries

# Consolidated Statements of Income

Year Ended March 31, 2024

| | *Millions of yen* | | *Thousands of U.S. dollars (Note 7)* |
|---|---|---|---|
| | **2024** | 2023 | **2024** |
| Net sales (*Note 28*) | **¥ 370,512** | ¥ 417,549 | **$ 2,448,370** |
| Cost of sales | **268,041** | 290,034 | **1,771,233** |
| Gross profit | **102,471** | 127,515 | **677,137** |
| Selling, general and administrative expenses *(Note 21)* | **54,902** | 55,153 | **362,798** |
| Operating income *(Note 28)* | **47,569** | 72,362 | **314,339** |
| Other income (expenses): | | | |
| Interest and dividend income | **2,925** | 2,506 | **19,327** |
| Interest expenses | **(711)** | (370) | **(4,698)** |
| Gain (loss) on sales of investment securities (*Note 11*) | **69** | 295 | **455** |
| Gain on sales of shares of subsidiaries and associates (*Note 19*) | **3,067** | - | **20,267** |
| Subsidy income | **1,882** | - | **12,436** |
| Loss on tax purpose reduction entry of non-current asset | **(1,882)** | - | **(12,436)** |
| Others, net *(Notes 18 and 22)* | **(5,484)** | (3,091) | **(36,236)** |
| Profit before income taxes | **47,435** | 71,702 | **313,454** |
| Income taxes *(Note 16)*: | | | |
| Current | **(15,385)** | (23,773) | **(101,668)** |
| Deferred | **(300)** | 4,484 | **(1,980)** |
| | **(15,685)** | (19,289) | **(103,648)** |
| Profit | **31,750** | 52,413 | **209,806** |
| Profit attributable to: | | | |
| Non-controlling interests | **(260)** | (226) | **(1,718)** |
| Owners of parent *(Note 23)* | **¥ 31,490** | ¥ 52,187 | **$ 208,088** |

*See accompanying Notes to Consolidated Financial Statements.*

IBIDEN CO., LTD. and Consolidated Subsidiaries

# Consolidated Statements of Comprehensive Income

Year Ended March 31, 2024

| | *Millions of yen* | | *Thousands of U.S. dollars (Note 7)* |
|---|---|---|---|
| | **2024** | 2023 | **2024** |
| Profit | **¥ 31,750** | ¥ 52,413 | **$ 209,806** |
| Other comprehensive income (loss): | | | |
| Net unrealized holding gain (loss) on other securities | **34,429** | (2,196) | **227,508** |
| Deferred gains or losses on hedging instruments | **1** | - | **5** |
| Translation adjustments | **15,478** | 11,532 | **102,280** |
| Total other comprehensive income (loss) *(Note 24)* | **49,908** | 9,336 | **329,793** |
| Comprehensive income (loss) | **¥ 81,658** | ¥ 61,749 | **$ 539,599** |
| | | | |
| Comprehensive income (loss) attributable to: | | | |
| Owners of parent | **¥ 81,158** | ¥ 61,519 | **$ 536,300** |
| Non-controlling interests | **500** | 230 | **3,299** |

*See accompanying Notes to Consolidated Financial Statements.*

IBIDEN CO., LTD. and Consolidated Subsidiaries

# Consolidated Statements of Changes in Net Assets

Year Ended March 31, 2024

| | | *Millions of yen* | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Number of shares issued (Thousands) | Common stock | Capital surplus | Retained earnings | Treasury stock, at cost | Net unrealized holding gain on other securities | Deferred gains or losses on hedging instruments | Surplus arising from land revaluation | Translation adjustments | Non-controlling interests | Total net assets |
| Balance at March 31, 2022 | 140,861 | ¥ 64,152 | ¥ 64,494 | ¥ 184,612 | ¥ (3,265) | ¥ 26,626 | ¥ – | ¥ 160 | ¥ 27,796 | ¥ 6,153 | ¥ 370,728 |
| Cash dividends | – | – | – | (6,995) | – | – | – | – | – | – | (6,995) |
| Profit attributable to owners of parent | – | – | – | 52,187 | – | – | – | – | – | – | 52,187 |
| Purchases of treasury stock | – | – | – | – | (9) | – | – | – | – | – | (9) |
| Disposal of treasury stock | – | – | 0 | – | 147 | – | – | – | – | – | 147 |
| Other changes | – | – | – | – | – | (2,195) | – | – | 11,528 | 215 | 9,548 |
| Balance at March 31,2023 | 140,861 | ¥ 64,152 | ¥ 64,494 | ¥ 229,804 | ¥ (3,127) | ¥ 24,431 | ¥ – | ¥ 160 | ¥ 39,324 | ¥ 6,368 | ¥ 425,606 |
| Cash dividends | – | – | – | (5,596) | – | – | – | – | – | – | (5,596) |
| Profit attributable to owners of parent | – | – | – | 31,490 | – | – | – | – | – | – | 31,490 |
| Purchases of treasury stock | – | – | – | – | (12) | – | – | – | – | – | (12) |
| Disposal of treasury stock | – | – | – | – | 156 | – | – | – | – | – | 156 |
| Other changes | – | – | – | – | – | 34,227 | 1 | – | 15,440 | 485 | 50,153 |
| Balance at March 31, 2024 | 140,861 | ¥ 64,152 | ¥ 64,494 | ¥ 255,698 | ¥ (2,983) | ¥ 58,658 | ¥ 1 | ¥ 160 | ¥ 54,764 | ¥ 6,853 | ¥ 501,797 |

| | *Thousands of U.S. dollars (Note 7)* | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Common stock | Capital surplus | Retained earnings | Treasury stock, at cost | Net unrealized holding gain on other securities | Deferred gains or losses on hedging instruments | Surplus arising from land revaluation | Translation adjustments | Non-controlling interests | Total net assets |
| Balance at March 31, 2023 | $ 423,926 | $ 426,183 | $ 1,518,565 | $ (20,663) | $ 161,440 | $ – | $ 1,058 | $ 259,850 | $ 42,078 | $ 2,812,437 |
| Cash dividends | – | – | (36,978) | – | – | – | – | – | – | (36,978) |
| Profit attributable to owners of parent | – | – | 208,088 | – | – | – | – | – | – | 208,088 |
| Purchases of treasury stock | – | – | – | (83) | – | – | – | – | – | (83) |
| Disposal of treasury stock | – | – | – | 1,032 | – | – | – | – | – | 1,032 |
| Other changes | – | – | – | – | 226,176 | 5 | – | 102,031 | 3,203 | 331,415 |
| Balance at March 31, 2024 | $ 423,926 | $ 426,183 | $ 1,689,675 | $ (19,714) | $ 387,616 | $ 5 | $ 1,058 | $ 361,881 | $ 45,281 | $ 3,315,911 |

*See accompanying Notes to Consolidated Financial Statements.*

IBIDEN CO., LTD. and Consolidated Subsidiaries

# Consolidated Statements of Cash Flows

Year Ended March 31, 2024

| | *Millions of yen* | | *Thousands of U.S. dollars (Note 7)* |
|---|---|---|---|
| | **2024** | 2023 | **2024** |
| **Operating activities** | | | |
| Profit before income taxes | **¥ 47,435** | ¥ 71,702 | **$ 313,454** |
| Adjustments to reconcile profit before income taxes to net cash provided by operating activities: | | | |
| Depreciation and amortization | **46,033** | 54,915 | **304,188** |
| Loss on impairment of fixed assets | **573** | 844 | **3,788** |
| Increase (decrease) provision for bonuses for employees | **(267)** | (246) | **(1,764)** |
| Increase (decrease) provision for bonuses for directors | **(64)** | 13 | **(423)** |
| Increase (decrease) allowance for doubtful accounts | **(19)** | (44) | **(125)** |
| Increase (decrease) in liability for retirement benefits | **178** | (5) | **1,177** |
| Interest and dividend income | **(2,925)** | (2,506) | **(19,327)** |
| Interest expenses | **711** | 370 | **4,698** |
| Share of profit of entities accounted for using equity method | **(2)** | (2) | **(16)** |
| Gain on sales of property, plant and equipment | **(25)** | (82) | **(165)** |
| Loss on disposal of property, plant and equipment | **2,416** | 3,732 | **15,962** |
| Gain (loss) on sales of investment securities | **(69)** | (295) | **(455)** |
| Gain on sales of shares of subsidiaries and associates | **(3,067)** | - | **(20,267)** |
| Decrease (increase) in notes and accounts receivable–trade | **14,832** | 15,820 | **98,008** |
| Decrease (increase) in inventories | **15,882** | (2,345) | **104,947** |
| Increase (decrease) in notes and accounts payable | **2,781** | (12,029) | **18,377** |
| Increase (decrease) in accrued expenses | **(441)** | 640 | **(2,913)** |
| Increase (decrease) in advances received | **49,326** | 28,043 | **325,947** |
| Loss on tax purpose reduction entry of non-current asset | **1,882** | - | **12,436** |
| Subsidy income | **(1,882)** | - | **(12,436)** |
| Others, net | **(6,486)** | (10,297) | **(42,857)** |
| Subtotal | **166,802** | 148,228 | **1,102,234** |
| Interest and dividends received | **2,901** | 2,507 | **19,173** |
| Interest paid | **(711)** | (370) | **(4,698)** |
| Subsidies received | **1,882** | - | **12,436** |
| Income taxes paid | **(25,642)** | (24,617) | **(169,442)** |
| Net cash provided by operating activities | **¥ 145,232** | ¥ 125,748 | **$ 959,703** |

IBIDEN CO., LTD. and Consolidated Subsidiaries

## Consolidated Statements of Cash Flows

Year Ended March 31, 2024

| | *Millions of yen* | | *Thousands of U.S. dollars (Note 7)* |
|---|---|---|---|
| | **2024** | 2023 | **2024** |
| **Investing activities** | | | |
| Purchases of property, plant and equipment | **¥ (85,456)** | ¥ (103,234) | **$ (564,702)** |
| Proceeds from sales of property, plant and equipment | **190** | 192 | **1,256** |
| Purchases of intangible assets | **(966)** | (799) | **(6,384)** |
| Purchases of investment securities | **(40)** | (40) | **(268)** |
| Proceeds from sales of investment securities | **182** | 402 | **1,206** |
| Sale of shares of subsidiaries resulting in change in scope of consolidation | **8,686** | - | **57,400** |
| Collection of long-term loans receivable | **0** | 0 | **2** |
| Others, net | **130** | (540) | **855** |
| Net cash used in investing activities | **(77,274)** | (104,019) | **(510,635)** |
| **Financing activities** | | | |
| Increase in short-term borrowings, net | **(30)** | - | **(198)** |
| Increase in long-term debt | **45,000** | 70,000 | **297,363** |
| Repayment of long-term debt | **(45,000)** | - | **(297,363)** |
| Proceeds from issuance of bonds | **-** | 50,000 | **-** |
| Redemption of bonds | **-** | (20,000) | **-** |
| Proceeds from issuance of convertible bonds with share acquisition rights | **73,500** | - | **485,694** |
| Purchases of treasury stock | **(12)** | (9) | **(83)** |
| Proceeds from sales of treasury stock | **156** | 147 | **1,032** |
| Cash dividends paid | **(5,596)** | (6,995) | **(36,978)** |
| Cash dividends paid to non-controlling interests | **(15)** | (15) | **(97)** |
| Repayments of lease obligations | **(345)** | (542) | **(2,280)** |
| Others, net | **(132)** | - | **(871)** |
| Net cash provided by financing activities | **67,526** | 92,586 | **446,219** |
| **Effect of exchange rate changes on cash and cash equivalents** | **5,680** | 2,513 | **37,536** |
| **Increase (decrease) in cash and cash equivalents** | **141,164** | 116,828 | **932,823** |
| **Cash and cash equivalents at beginning of year** | **302,420** | 185,592 | **1,998,412** |
| **Cash and cash equivalents at end of year** ***(Note 25)*** | **¥ 443,584** | ¥ 302,420 | **$ 2,931,235** |

*See accompanying Notes to Consolidated Financial Statements.*

IBIDEN CO., LTD. and Consolidated Subsidiaries

Notes to Consolidated Financial Statements

March 31, 2024

## 1. Basis of Presentation

IBIDEN CO., LTD. (the "Company") and its domestic subsidiaries maintain their books of accounts in conformity with accounting principles generally accepted in Japan, and its overseas subsidiaries maintain their books of accounts in conformity with those of their respective countries of domicile.

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards and have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

In preparing the accompanying consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically for the convenience of readers outside Japan. Furthermore, the notes to the consolidated financial statements include certain information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

## 2. Summary of Significant Accounting Policies

### (a) Principles of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

Under the principles of consolidation, companies are to include in their consolidated financial statements. Significant subsidiaries over which substantial control is exerted through majority ownership of voting stock and/or by other means. Accordingly, the accompanying consolidated financial statements include the accounts of the Company and its 31 and 34 significant consolidated subsidiaries for each of the years ended March 31, 2024 and 2023.

IBIDEN Electronics (Beijing) Co., Ltd, which was a consolidated subsidiary for the year ended March 31, 2023, has been excluded from the scope of consolidation since the beginning of the year ended March 31, 2024 due to a transfer of all the shares held by the Company. IBIDEN DPF France S.A.S, which was a consolidated subsidiary for the year ended March 31, 2023, has been excluded from the scope of consolidation since the beginning of the year ended March 31, 2024 due to the completion of its liquidation. IBIDEN Graphite Co., Ltd, which was a consolidated subsidiary for the year ended March 31, 2023, has been excluded from the scope of consolidation since October 1, 2023 due to an absorption-type merger.

Significant investments in affiliates over which the Company has the ability to exercise significant influence with regard to the operating and financial policies of the investees are also accounted for by the equity method. There were 2 companies accounted for by the equity method for each of the years ended March 31, 2024 and 2023.

Investments in the remaining unconsolidated subsidiaries and affiliates are carried at cost or less. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not have been material. When there has been a permanent decline in the value of such investments, the Company has written them down.

All significant intercompany transactions and accounts have been eliminated in consolidation.

The financial statements of certain overseas consolidated subsidiaries whose fiscal year end is December 31 have been included in consolidation on the basis of a full fiscal year closing on March 31 for consolidation purposes.

The Company has adopted “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ Practical Issues Task Force (“PITF”) No. 18, June 28, 2019 amendment), and necessary modifications have made for consolidation.

**(b) Foreign currency translation**

All monetary assets and liabilities denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, and gain or loss on each translation is credited or charged to income.

Revenue and expense items arising from transactions denominated in foreign currencies are generally translated into yen at the rates of exchange in effect at the respective transaction dates. Gain or loss resulting from foreign currency transactions is credited or charged to income in the year in which the gain or loss is recognized for financial reporting purposes.

The balance sheet accounts of the overseas consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date, except that components of net assets excluding non-controlling interests are translated at their historical exchange rates. Revenue and expense accounts are translated into yen at the average rates of exchange in effect during the year. Adjustments resulting from translating financial statements denominated in a foreign currency are not included in the determination of profit attributable to the owners of the parent but are reported as translation adjustments and non-controlling interests in net assets in the consolidated balance sheet.

**(c) Cash equivalents**

For the consolidated statements of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents.

**(d) Allowance for doubtful accounts**

An allowance for doubtful accounts of the Company and its domestic consolidated subsidiaries is provided at an amount based on historical experience of bad debts for ordinary receivables and an estimate of specific bad debts from customers experiencing financial difficulties.

An allowance for doubtful accounts of the Company's overseas consolidated subsidiaries is provided based principally on estimates of specific bad debts.

**(e) Inventories**

Inventories of the Company and its domestic consolidated subsidiaries are stated principally at the lower of cost determined primarily by the moving average method or net selling value. Inventories of the overseas consolidated subsidiaries are stated principally at the lower of cost or market, with cost determined primarily by the first-in, first-out method.

**(f) Investment securities**

Securities are classified into three categories: trading securities, held-to-maturity debt securities and other securities. Trading securities, consisting of debt and marketable equity securities, are carried at fair value. Gains and losses, both realized and unrealized, are credited or charged to income. Held-to-maturity debt securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with any change in unrealized holding gain or loss, net of the applicable income taxes, reported as a separate component of accumulated other comprehensive income (loss). Nonmarketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.

**(g) Depreciation of property, plant and equipment (other than leased assets)**

Depreciation of property, plant and equipment of the Company and its domestic consolidated subsidiaries is calculated principally by the declining balance method based on the estimated useful life of the asset and the residual value determined by the Company and each domestic consolidated subsidiary.

Depreciation of property, plant and equipment of the overseas consolidated subsidiaries is calculated principally by the straight-line method based on the estimated useful life of the assets and the residual value determined by each subsidiary.

Estimated useful lives of property, plant and equipment are generally 3 to 75 years for building and structures and 3 to 22 years for machinery and equipment.

Significant renewals and additions are capitalized at cost. Maintenance and repairs are charged to income as incurred.

**(h) Intangible assets included in other assets (other than leased assets)**

Amortization of intangible assets is calculated by the straight-line method. Capitalized computer software intended for internal use is amortized over its estimated useful life of 5 years.

**(i) Leased Assets**

Leased assets under finance leases are depreciated to their residual value of zero by the straight-line method using the contract term as the useful life.

**(j) Goodwill**

Amortization of goodwill is calculated by the straight-line method over 5 years.

**(k) Provision for bonuses for employees**

Provision for bonuses for employees of the Company and its domestic consolidated subsidiaries are provided for the estimated amount of bonuses to be paid in the following year attributable to the current fiscal year.

**(l) Provision for bonuses for directors and audit and supervisory board members**

Provision for bonuses for directors and audit and supervisory board members of the Company are provided at the estimated amount of bonuses to be paid in the following year attributable to the current fiscal year.

**(m) Retirement benefits for employees**

Liability for retirement benefits for employees of certain consolidated subsidiaries is provided principally at an amount based on the retirement benefit obligation.

The retirement benefit obligation of certain consolidated subsidiaries is attributed to each year on a straight-line basis over the estimated remaining years of service of eligible employees. Prior service cost and actuarial gain or loss incurred at certain consolidated subsidiaries are credited or charged to income in the year in which the gain or loss is recognized.

Certain consolidated subsidiaries have adopted a simplified method for retirement benefits calculation. Under this simplified method, liability for retirement benefits is stated at the amount which would be required to be paid if all eligible employees voluntarily terminated their employment at the balance sheet date.

**(n) Provision for share-based compensation**

A provision is recognized for the estimated share-based compensation for directors, etc., to be incurred in the future based on the plan for share-based compensation.

**(o) Income taxes**

Deferred tax assets and liabilities have been recognized in the accompanying consolidated financial statements with respect to the differences between the amounts recorded for financial reporting purposes and the tax bases of the assets and liabilities and were measured using the enacted tax rates and laws which are in effect when the differences are expected to reverse.

**(p) Deferred assets**

Bond issuance costs and share issuance costs are charged to expense as incurred.

**(q) Research and development costs**

Research and development costs are charged to expense as incurred.

**(r) Basis of recognition of material revenues and expense**

Revenue related to the sale of products and finished goods is primarily from sales of manufactured products and finished goods with an obligation to deliver the products or finished goods based on contracts made with customers. This obligation is deemed to be fulfilled at the time the products or finished goods are delivered to the customer and the customer acquires control of the products or finished goods. Revenue is recognized at the time of shipment or delivery.

Revenue of an obligation performed over a defined period of time is recognized according to the degree of progress for which that obligation has been met.

**(s) Derivatives**

Derivative positions are carried at fair value with any changes in unrealized gain or loss charged or credited to income, except for those which meet the criteria for deferral hedge accounting under which unrealized gain or loss is deferred and reported as deferred gain or loss on hedges in a separate component of accumulated other comprehensive income (loss).

**(t) Distribution of retained earnings**

Under the Corporation Law of Japan (the “Law”), the distribution of retained earnings with respect to a given fiscal year is made by resolution at a meeting of the Board of Directors of the Company held subsequent to the close of the fiscal year. The accounts for that fiscal year do not, therefore, reflect such distributions. (Refer to Note 29.)

## 3. Significant Accounting Estimates

### (a) Recoverability of deferred tax assets

Carrying amounts in the current year's financial statements were as follows:

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | **2024** | 2023 | **2024** |
| Deferred tax assets | **¥ 14,657** | ¥ 14,217 | **$ 96,854** |

(Information on the nature of significant accounting estimates for identified items)
Deferred tax assets are estimated based on the generation timing and the amount of taxable income from future business plans. This estimate may be affected by uncertain economic conditions, and if the timing and the amount of taxable income actually generated differ from estimates, it may have a significant impact on the amounts of deferred tax assets in the consolidated financial statements for the next consolidated fiscal year.

### (b) Valuation of property, plant and equipment

Property, plant and equipment of IBIDEN Philippines, Inc. amounted to ¥ 49,747 million ($328,732 thousand) as of March 31, 2024.

(Information on the nature of significant accounting estimates for identified items)
In assessing the impairment of property, plant and equipment, the Company and its consolidated subsidiaries group assets by the smallest unit that generates substantially independent cash flows, generally based on our reportable segments.

IBIDEN Philippines, Inc. prepares its financial statements in accordance with International Financial Reporting Standards and performs an impairment test on a cash-generating unit to property, plant and equipment when there is an impairment indicator. If the recoverable amount is less than the carrying amount, the carrying amount is reduced to the recoverable amount and an impairment loss is recognized. The recoverable amount is the higher of either the value in use or the fair value less cost of disposal.

An impairment indicator was identified for IBIDEN Philippines, Inc. as it reported recurring operating losses for consecutive years due to severe market conditions surrounding its Electronics operation, resulting from continuing weak demand for products used in personal computers and general-purpose servers. However, the recoverable amount exceeded the carrying amount, and therefore, no impairment loss was recognized.

In calculating the value in use, we made certain assumptions about future cash flows, discount rates, and other factors. The estimates of future cash flows were based on a business plan approved by management, which included assumptions about expected sales, operating income, and other factors. If there are changes in the conditions or assumptions underlying the estimates, it may have a significant impact to the amount of property, plant and equipment.

## 4. Standards and Guidance Not Yet Adopted

The following standards and guidance were issued but not yet adopted.

- "Accounting Standard for Current Income Taxes" (ASBJ Guidance No. 27, October 28, 2022)
- "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Guidance No. 25, October 28, 2022)
- "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022)

(Overview)
These standards and guidance prescribe the accounting classification of corporate tax, etc. when it is levied on other comprehensive income, and the treatment of tax effects related to the sale of shares of subsidiaries, etc. to which the group corporation tax system is applied.

(Effective date)
They will be effective from the beginning of the consolidated fiscal year ending March 31, 2025.

(Effects of application of the standards)
The Company and its consolidated domestic subsidiaries are in the process of determining the effects of these new standards on the consolidated financial statements.

## 5. Change in presentation method

(Consolidated Balance Sheets)
Due to its increased significance, advances received, which was included in other current liabilities under current liabilities as of the end of previous consolidated fiscal year, are presented separately from the beginning of the fiscal year under review. To reflect this change in presentation, a reclassification has been made to the balance sheet as of the end of the previous fiscal year. As a result, ¥41,566 million reported as other current liabilities as of the end of the previous consolidated fiscal year has been reclassified to advances received of ¥30,773 million and other current liabilities of ¥10,793 million.

(Consolidated Statements of Cash Flows)
Due to its increased significance, increase (decrease) in advances received, which was included in others, net under operating activities as of the end of the previous consolidated fiscal year, are presented separately from the beginning of the fiscal year under review. To reflect this change in presentation, a reclassification has been made to the statement of cash flows as of the end of the previous fiscal year. As a result, ¥17,746 million reported as others, net as of the end of the previous consolidated fiscal year has been reclassified to increase (decrease) in advances received of ¥28,043 million and others, net of ¥ (10,297) million.

## 6. Additional Information

### (a) Share-based compensation plan for directors

The annual shareholders meeting of the Company held on June 16, 2017 resolved to introduce a share-based compensation plan for the Company's directors (excluding outside directors and directors who are members of the audit and supervisory committee) and senior executive officers (hereinafter in this section "directors, etc.") and introduced the plan.
The board of directors meeting of the Company held on February 28, 2020 resolved to include some directors of the domestic consolidated subsidiaries in this share-based compensation plan.

(Outline of the plan)
The plan is a share-based compensation plan in which the Company will grant points to directors and some directors of the domestic consolidated subsidiaries, and distribute to them the number of shares of the Company equivalent to the cumulative number of points granted to them.

(The Company's own stock in the trust)
The Company own stock in the possession of the trust is recorded as treasury stock under net assets at book value. The book value and number of shares of treasury stock were ¥539 million ($3,560 thousand) and 159 thousand shares and ¥695 million and 205 thousand shares as of the year ended March 31, 2024 and 2023, respectively.

(Scope of those eligible to receive beneficiary rights for the trust and other rights)
Directors (excluding outside directors and directors who are members of the audit and supervisory committee), managing officers and some directors of the domestic consolidated subsidiaries

### (b) Share-based compensation plan for employees

The board of directors meeting of the Company held on February 28, 2020 resolved to introduce a share-based compensation plan for the Company's senior management and introduced the plan.

(Outline of the plan)
The plan is a share-based compensation plan in which the Company will grant points to the Company's senior management and distribute to them the number of shares of the Company equivalent to the cumulative number of points granted to them.

(The Company's own stock in the trust)
The Company's own stock in the possession of the trust is recorded as treasury stock under net assets at book value. The book value and number of shares of treasury stock were ¥154 million ($1,019 thousand) and 42 thousand shares and ¥154 million and 42 thousand shares as of the year ended March 31, 2024 and 2023, respectively.

(Scope of those eligible to receive beneficiary rights for the trust and other rights)
The Company's senior management

## 7. U.S. Dollar Amounts

The U.S. dollar amounts in the accompanying consolidated financial statements have been translated from yen solely for convenience and as a matter of arithmetic computation only at a rate of ¥151.33 to U.S. $1.00, the rate of exchange prevailing on March 31, 2024. This translation should not be construed as a representation that the yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

## 8. Accounting for Notes with Maturity

The accounting for notes maturing at end of the fiscal year is to be performed as of the clearance date. As the end of the current consolidated fiscal year fell on a bank holiday, the following notes matured at the end of the current consolidated fiscal year are included in the balance at the end of current consolidated fiscal year.

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | **2024** | 2023 | **2024** |
| Notes and accounts receivable | **¥ 140** | ¥ - | **$ 926** |
| Electronically recorded monetary claims | **303** | - | **2,004** |
| Notes and accounts payable | **74** | - | **489** |
| Electronically recorded obligations | | | |
| Operating | **1,314** | - | **8,683** |
| Facilities | **13,569** | - | **89,662** |

## 9. Tax purpose reduction entry

The amount of tax purpose reduction entry deducted from the acquisition cost at March 31, 2024 and 2023 were as follows:

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | **2024** | 2023 | **2024** |
| Construction in progress | **¥ 1,882** | ¥ - | **$ 12,436** |

## 10. Financial Instruments

*Status of financial instruments*

The Company and its consolidated subsidiaries (collectively, the “Group”) raise funds for capital expenditures principally through the issuance of bonds and loans from banks. The Group manages temporary cash surpluses through highly liquid financial assets. The Group raises short-term capital through loans from banks, and utilizes derivative financial instruments to reduce the risks discussed below and does not enter into derivative transactions for speculative purposes.

Notes and accounts receivable–trade and electronically recorded monetary claims are exposed to credit risk in relation to customers. In addition, the Group is exposed to foreign currency exchange risk arising from trade receivables denominated in foreign currencies. Short-term investments and investment securities are exposed to market risk. These securities consist mainly of shares of companies with which the Group has business relationships and debt securities through which the Group manages temporary cash surpluses.

Substantially all notes and accounts payable and electronically recorded obligations have payment due dates within one year. In addition, the Group is exposed to foreign currency exchange risk arising from those trade payables denominated in foreign currencies.

The Group conducts various financing activities to acquire the funds necessary for working capital investments in property, plant and equipment, etc. Borrowings and bonds with floating interest rates as a part of the financing are exposed to the risk of interest rate fluctuation.

Regarding derivative transactions, the Group enters into forward foreign exchange contracts to reduce the foreign currency exchange risk arising from the receivables and payables denominated in foreign currencies.

In accordance with the internal policies of the Group for managing credit risk (risk of nonperformance by any of the counterparties) arising from trade receivables, the Group monitors the creditworthiness of customers and takes prompt action on outstanding balances in order to mitigate the credit risks. In addition, the Group only acquires held-to-maturity debt securities with high credit ratings.

For trade receivables and payables denominated in foreign currencies, the Company identifies the foreign currency exchange risk for each currency on a monthly basis and enters into forward foreign exchange contracts to hedge such risk.

In order to mitigate the unfavorable impact caused by foreign currency exchange fluctuations on accounts receivable derived from forecasted export sales transactions, the Company enters into forward foreign exchange contracts to the extent it is probable that those forecasted export sales take place.

For investment securities, the Group periodically reviews market prices and the financial position of the issuers who are business counterparties of the Group and evaluates whether securities other than those classified as held-to-maturity debt securities should be maintained taking into account their fair values and relationships with the counterparty companies.

Derivative transactions are entered into by the division in charge of derivative transactions with approval from the authorized officers in accordance with the internal policies, which set forth the delegation of authority and the maximum upper limit on positions.

In order to manage liquidity risk (the risk that the Group may not be able to meet its obligations as scheduled) the division responsible prepares and updates its cash flow plans on a timely basis based on reports from each division.

The fair value of financial instruments is based on their quoted market prices, if available. When there is no quoted market price available, the fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair values. In addition, the notional amounts of derivatives in Note 26, “Derivatives” are not necessarily indicative of the actual market risk involved in the derivative transactions themselves.

*Fair Value of Financial Instruments*

The carrying amounts of the financial instruments on the consolidated balance sheets and the estimated fair values at March 31, 2024 and 2023 are summarized in the table below.

The fair value of cash is not disclosed. The fair value of deposits, notes and accounts receivable, electronically recorded monetary claims, notes and accounts payable, electronically recorded obligations, advances received and short-term borrowings are omitted because their book values approximate the fair values since they are settled in a short period of time.

| | **2024** | | |
|---|---|---|---|
| | **Carrying amounts** | **Estimated fair value** | **Difference** |
| | | *(Millions of yen)* | |
| Assets: | | | |
| Investment securities | **¥ 109,690** | **¥ 109,690** | **¥ –** |
| Total assets | **109,690** | **109,690** | **–** |
| Liabilities: | | | |
| Bonds payable | **¥ 100,000** | **¥ 99,702** | **¥ (298)** |
| Convertible bonds with share acquisition rights | **73,477** | **76,965** | **3,488** |
| Long-term loans payable | **150,000** | **149,342** | **(658)** |
| Total liabilities | **323,477** | **326,009** | **2,532** |
| Derivative transactions (*) | **¥ (443)** | **¥ (443)** | **¥ –** |

| | 2023 | | |
|---|---|---|---|
| | Carrying amounts | Estimated fair value | Difference |
| | | (Millions of yen) | |
| Assets: | | | |
| Investment securities | ¥ 60,881 | ¥ 60,881 | ¥ – |
| Total assets | 60,881 | 60,881 | – |
| Liabilities: | | | |
| Bonds payable | ¥ 100,000 | ¥ 99,751 | ¥ (250) |
| Long-term loans payable | 150,000 | 149,906 | (93) |
| Total liabilities | 250,000 | 249,657 | (343) |
| Derivative transactions (*) | ¥ 371 | ¥ 371 | ¥ – |

| | **2024** | | |
|---|---|---|---|
| | **Carrying amounts** | **Estimated fair value** | **Difference** |
| | | *(Thousands of U.S. dollars)* | |
| Assets: | | | |
| Investment securities | **$ 724,837** | **$ 724,837** | **$ –** |
| Total assets | **724,837** | **724,837** | **–** |
| Liabilities: | | | |
| Bonds payable | **$660,808** | **$658,838** | **$ (1,970)** |
| Convertible bonds with share acquisition rights | **485,540** | **508,590** | **23,050** |
| Long-term loans payable | **991,211** | **986,862** | **(4,349)** |
| Total liabilities | **2,137,559** | **2,154,290** | **16,731** |
| Derivative transactions (*) | **$ (2,926)** | **$ (2,926)** | **$ –** |

*Assets and liabilities arising from derivatives are presented at net value.
Amounts in parentheses represent net liability positions.

Methods to determine the estimated fair value of financial instruments are as follows:

Regarding investment securities, the fair value of shares is based on quoted market prices. The fair value of debt securities is based on either quoted market prices or prices provided by financial institutions.

For information on securities classified by the purpose for which they are held, refer to Note 11, “Investment Securities.”

The fair value of long-term loans receivable classified by the maturity and current credit risk of each loan is based on the present value of the total principal and interest discounted by the interest rate determined taking into account that of Japanese government bonds and the credit spreads of each loan. The fair value in the table above includes the current portion of long-term loans receivable.

The fair value of long-term debt is based on the present value of the total principal and interest discounted by the interest rate that would to be applied if similar new borrowings were entered into. The fair value in the table above includes the current portion of long-term debt.

Regarding the fair value of derivatives, refer to Note 26, “Derivatives.”

The carrying values of Investments in equity securities without market prices at March 31, 2024 and 2023 were as follows:

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | **2024** | 2023 | **2024** |
| Unlisted equity securities | **¥ 448** | ¥ 435 | **$ 2,960** |

The redemption schedule for monetary assets at March 31, 2024 and 2023 were as follows:

| | **2024** | | | |
|---|---|---|---|---|
| | **Within 1 year** | **Over 1 year within 5 years** | **Over 5 years within 10 years** | **Over 10 years** |
| | *(Millions of yen)* | | | |
| Cash and deposits | **¥ 443,584** | **¥ –** | **¥ –** | **¥ –** |
| Notes receivable–trade | **1,913** | **–** | **–** | **–** |
| Electronically recorded monetary claims | **4,432** | **–** | **–** | **–** |
| Accounts receivable–trade | **54,322** | **–** | **–** | **–** |
| Total | **¥ 504,251** | **¥ –** | **¥ –** | **¥ –** |

| | 2023 | | | |
|---|---|---|---|---|
| | Within 1 year | Over 1 year within 5 years | Over 5 years within 10 years | Over 10 years |
| | *(Millions of yen)* | | | |
| Cash and deposits | ¥ 302,420 | ¥ – | ¥ – | ¥ – |
| Notes receivable–trade | 1,929 | – | – | – |
| Electronically recorded monetary claims | 3,563 | – | – | – |
| Accounts receivable–trade | 70,256 | – | – | – |
| Total | ¥ 378,168 | ¥ – | ¥ – | ¥ – |

| | 2024 | | | |
|---|---|---|---|---|
| | **Within 1 year** | **Over 1 year within 5 years** | **Over 5 years within 10 years** | **Over 10 years** |
| | | *(Thousands of U.S. dollars)* | | |
| Cash and deposits | **$ 2,931,235** | **$ –** | **$ –** | **$ –** |
| Notes receivable–trade | **12,643** | **–** | **–** | **–** |
| Electronically recorded monetary claims | **29,284** | **–** | **–** | **–** |
| Accounts receivable–trade | **358,962** | **–** | **–** | **–** |
| Total | **$ 3,332,124** | **$ –** | **$ –** | **$ –** |

*Breakdown of financial instruments by level of each fair value*

The fair values of financial instruments are categorized into the following three levels in accordance with the observability and importance of the inputs used in the fair value calculation.

Level 1 fair value: Fair value calculated using the (unadjusted) market price in an active market for an identical asset or liability.
Level 2 fair value: Fair value calculated using inputs that are directly or indirectly observable, other than Level 1 inputs.
Level 3 fair value: Fair value calculated using important inputs that cannot be observed.

In cases in which multiple inputs that have a material effect on the calculation of the fair value are used, the fair value is categorized at the lowest level from which material inputs were used in the fair value calculation.

(1) Financial assets and financial liabilities for which the carrying amount is recorded as the fair value

| | 2024 | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| | | *(Millions of yen)* | | |
| Assets: | | | | |
| Investment securities | **¥ 109,690** | **¥ –** | **¥ –** | **¥ 109,690** |
| Total assets | **109,690** | **–** | **–** | **109,690** |
| Liabilities: | | | | |
| Derivative transactions | **¥ –** | **¥ (443)** | **¥ –** | **¥ (443)** |
| Total Liabilities | **–** | **(443)** | **–** | **(443)** |

| | 2023 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | *(Millions of yen)* | | | |
| Assets: | | | | |
| Investment securities | ¥ 60,881 | ¥ – | ¥ – | ¥ 60,881 |
| Derivative transactions | – | 371 | – | 371 |
| Total assets | 60,881 | 371 | – | 61,252 |

| | **2024** | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| | *(Thousands of U.S. dollars)* | | | |
| Assets: | | | | |
| Investment securities | **$ 724,837** | **$ –** | **$ –** | **$ 724,837** |
| Total assets | **724,837** | **–** | **–** | **724,837** |
| Liabilities: | | | | |
| Derivative transactions | **$ –** | **$ (2,926)** | **$ –** | **$ (2,926)** |
| Total Liabilities | **–** | **(2,926)** | **–** | **(2,926)** |

(2) Financial assets and financial liabilities for which the carrying amount is not recorded as the fair value

| | **2024** | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| | *(Millions of yen)* | | | |
| Liabilities: | | | | |
| Bonds payable | **¥ –** | **¥ 99,702** | **¥ –** | **¥ 99,702** |
| Convertible bonds with share acquisition rights | **–** | **76,965** | **–** | **76,965** |
| Long-term loans payable | **–** | **149,342** | **–** | **149,342** |
| Total liabilities | **–** | **326,009** | **–** | **326,009** |

| | 2023 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | *(Millions of yen)* | | | |
| Liabilities: | | | | |
| Bonds payable | ¥ – | ¥ 99,751 | ¥ – | ¥ 99,751 |
| Long-term loans payable | – | 149,906 | – | 149,906 |
| Total liabilities | – | 249,657 | – | 249,657 |

| | 2024 | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| | | *(Thousands of U.S. dollars)* | | |
| Liabilities: | | | | |
| Bonds payable | **$ –** | **$ 658,838** | **$ –** | **$ 658,838** |
| Convertible bonds with share acquisition rights | **–** | **508,590** | **–** | **508,590** |
| Long-term loans payable | **–** | **986,862** | **–** | **986,862** |
| Total liabilities | **–** | **2,154,290** | **–** | **2,154,290** |

Note: Valuation methods and inputs used in calculating fair values.

Investment securities
Listed shares are valued using the market price. Because listed shares are traded on active markets, their fair value is categorized as a Level 1 fair value.

Derivatives
The fair value of derivatives is determined by the future market price and is categorized as a Level 2 fair value.

Bonds payable
The fair value of bonds payable is determined by the market price and is categorized as a Level 2 fair value.

Convertible bonds with share acquisition rights
The fair value of convertible bonds with share acquisition rights is determined based on prices offered by financial institutions and is categorized as a Level 2 fair value.

Long-term loans payable
The fair value of long-term loans payable is calculated using the discounted cash flow method based on estimated interest rates with consideration for the total amount of the sum of principal and interest and is categorized as a Level 2 fair value.

## 11. Investment Securities

(a) Marketable securities classified as other securities at March 31, 2024 and 2023 were summarized as follows:

| | **2024** | | |
|---|---|---|---|
| | **Acquisition cost** | **Market value reflected in the balance sheet** | **Difference** |
| | | *(Millions of yen)* | |
| Securities whose market value reflected in the balance sheet exceeds their acquisition cost: | | | |
| Equity securities | **¥ 25,082** | **¥ 109,312** | **¥ 84,230** |
| Securities whose market value reflected in the balance sheet does not exceed their acquisition cost: | | | |
| Equity securities | **396** | **378** | **(18)** |
| Total | **¥ 25,478** | **¥ 109,690** | **¥ 84,212** |

| | 2023 | | |
|---|---|---|---|
| | Acquisition cost | Market value reflected in the balance sheet | Difference |
| | | *(Millions of yen)* | |
| Securities whose market value reflected in the balance sheet exceeds their acquisition cost: | | | |
| Equity securities | ¥ 24,828 | ¥ 60,202 | ¥ 35,374 |
| Securities whose market value reflected in the balance sheet does not exceed their acquisition cost: | | | |
| Equity securities | 724 | 679 | (45) |
| Total | ¥ 25,552 | ¥ 60,881 | ¥ 35,329 |

| | **2024** | | |
|---|---|---|---|
| | **Acquisition cost** | **Market value reflected in the balance sheet** | **Difference** |
| | | *(Thousands of U.S. dollars)* | |
| Securities whose market value reflected in the balance sheet exceeds their acquisition cost: | | | |
| Equity securities | **$ 165,745** | **$ 722,340** | **$ 556,595** |
| Securities whose market value reflected in the balance sheet does not exceed their acquisition cost: | | | |
| Equity securities | **2,616** | **2,497** | **(119)** |
| Total | **$ 168,361** | **$ 724,837** | **$ 556,476** |

Loss on devaluation of investment securities are recorded for the securities whose market value represents a substantial decline of 50% or more and for those which have declined within a range of 30% or more but less than 50% if the decline is deemed to be irrecoverable.

(b) The proceeds from sales of and gross realized gain and loss on other securities for the years ended March 31, 2024 and 2023 were summarized as follows:

| | **2024** | | |
|---|---|---|---|
| | **Proceeds** | **Gross realized gain** | **Gross realized loss** |
| | *(Millions of yen)* | | |
| Equity securities | **¥ 182** | **¥ 69** | **¥ -** |
| Total | **¥ 182** | **¥ 69** | **¥ -** |

| | 2023 | | |
|---|---|---|---|
| | Proceeds | Gross realized gain | Gross realized loss |
| | *(Millions of yen)* | | |
| Equity securities | ¥ 402 | ¥ 295 | ¥ 0 |
| Total | ¥ 402 | ¥ 295 | ¥ 0 |

| | **2024** | | |
|---|---|---|---|
| | **Proceeds** | **Gross realized gain** | **Gross realized loss** |
| | *(Thousands of U.S. dollars)* | | |
| Equity securities | **$ 1,206** | **$ 455** | **$ -** |
| Total | **$ 1,206** | **$ 455** | **$ -** |

## 12. Short-Term Borrowings and Long-Term Debt

Short-term borrowings and the current portion of long-term debt at March 31, 2024 and 2023 consisted of the following:

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | **2024** | 2023 | **2024** |
| Short-term borrowings | **¥ 20,000** | ¥ 20,030 | **$ 132,162** |
| Current portion of long-term debt | **70,000** | 45,000 | **462,565** |
| | **¥ 90,000** | ¥ 65,030 | **$ 594,727** |

The weighted average annual interest rates applicable to short-term borrowings outstanding were 0.14% and 0.15% at March 31, 2024 and 2023, respectively.

Long-term debt at March 31, 2024 and 2023 consisted of the following:

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | **2024** | 2023 | **2024** |
| Debt without collateral: | | | |
| Loans from banks due September 2024 through September 2028 at average interest rates of 0.23% per annum at March 31, 2024 and 2023 | **¥ 150,000** | ¥ 150,000 | **$ 991,211** |
| Bonds in yen due September 2024 at rate of 0.110% | **15,000** | 15,000 | **99,121** |
| Bonds in yen due September 2024 at rate of 0.001% | **20,000** | 20,000 | **132,162** |
| Bonds in yen due September 2026 at rate of 0.110% | **15,000** | 15,000 | **99,121** |
| Bonds in yen due September 2025 at rate of 0.290% | **40,000** | 40,000 | **264,323** |
| Bonds in yen due September 2027 at rate of 0.380% | **10,000** | 10,000 | **66,081** |
| Convertible bonds with share acquisition rights in yen due March 2031 | **73,477** | - | **485,540** |
| Subtotal | **¥ 323,477** | ¥ 250,000 | **$ 2,137,559** |
| Less current portion | **(70,000)** | (45,000) | **(462,565)** |
| | **¥ 253,477** | ¥ 205,000 | **$ 1,674,994** |

The aggregate annual maturities of long-term debt subsequent to March 31, 2024 were summarized as follows:

| Year ending March 31, | *Millions of yen* | *Thousands of U.S. dollars* |
|---|---|---|
| 2025 | 70,000 | 462,565 |
| 2026 | 70,000 | 462,565 |
| 2027 | 55,000 | 363,444 |
| 2028 | 30,000 | 198,242 |
| 2029 and thereafter | 95,000 | 627,768 |
| | ¥ 320,000 | $ 2,114,584 |

### 13. Assets Pledged as Collateral

Assets pledged as collateral for accounts payable of ¥21 million ($139 thousand) and ¥65 million at March 31, 2024 and 2023 were as follows:

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | **2024** | 2023 | **2024** |
| Investment securities | **¥ 50** | ¥ 36 | **$ 327** |

## 14. Lease Obligations

The aggregate annual maturities of lease obligations subsequent to March 31, 2024 were summarized as follows:

| Year ending March 31, | *Millions of yen* | *Thousands of U.S. dollars* |
|---|---|---|
| 2025 | 128 | 845 |
| 2026 | 95 | 629 |
| 2027 | 19 | 128 |
| 2028 | 11 | 70 |
| 2029 and thereafter | 5 | 34 |
| | ¥ 258 | $ 1,706 |

## 15. Retirement Benefits

The Company and certain consolidated subsidiaries have defined contribution plans for retirement benefits. Other consolidated subsidiaries have defined benefit plans, including lump-sum payment plans, covering substantially all employees who are entitled to lump-sum or annuity payments the amounts of which are determined by reference to their basic rates of pay, length of service and the conditions under which termination occurs.

Changes in the retirement benefit obligation under the simplified method for the years ended March 31, 2024 and 2023 were summarized as follows:

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | **2024** | 2023 | **2024** |
| Retirement benefit obligation at the beginning of the year | **¥ 574** | ¥ 579 | **$ 3,791** |
| Service cost | **124** | 93 | **823** |
| Benefits paid | **(24)** | (153) | **(161)** |
| Foreign currency translation differences | **78** | 55 | **515** |
| Retirement benefit obligation at the end of the year | **¥ 752** | ¥ 574 | **$ 4,968** |

Balance of retirement benefit obligation and plan assets at fair value at March 31, 2024 and 2023 and liabilities recognized in the consolidated balance sheet at March 31, 2024 and 2023 were summarized as follows:

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | **2024** | 2023 | **2024** |
| Unfunded retirement benefit obligation* | **¥ 752** | ¥ 574 | **$ 4,968** |
| Net amount of liabilities and assets recognized in consolidated balance sheet | **752** | 574 | **4,968** |
| Liability for retirement benefits | **752** | 574 | **4,968** |
| Asset for retirement benefits | **–** | – | **–** |
| Net amount of liabilities and assets recognized in consolidated balance sheet | **¥ 752** | ¥ 574 | **$ 4,968** |

* Certain domestic consolidated subsidiaries have calculated their retirement benefit obligation based on the simplified method.

Components of retirement benefit expenses for the years ended March 31, 2024 and 2023 were summarized as follows:

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | **2024** | 2023 | **2024** |
| Retirement benefit expenses based on the simplified method | **¥ 124** | ¥ 93 | **$ 823** |

Required contributions to defined contribution plans of the Company and certain consolidated subsidiaries were ¥1,886 million ($12,461 thousand) and ¥1,832 million for the years ended March 31, 2024 and 2023, respectively.

## 16. Income Taxes

Income taxes in Japan applicable to the Company and its domestic consolidated subsidiaries consist of corporation tax, inhabitants taxes and enterprise taxes, which, in the aggregate, resulted in a statutory tax rate of approximately 29.9% for the year ended March 31, 2024 and 2023. Income taxes of the overseas consolidated subsidiaries are based generally on the tax rates applicable in their respective countries of incorporation.

The effective tax rate for the years ended March 31, 2024 and 2023 differed from the statutory tax rate for the following reasons:

| | **2024** | 2023 |
|---|---|---|
| Statutory effective tax rates | **29.9 %** | 29.9 % |
| Effect of: | | |
| Tax effect of retained earnings in overseas consolidated subsidiaries | **0.1** | 1.0 |
| Permanently nondeductible expenses | **0.0** | 0.0 |
| Difference between statutory tax rate in Japan and income tax rates applied at overseas consolidated subsidiaries | **(2.1)** | (1.4) |
| Tax credits | **(4.1)** | (1.5) |
| Increase(decrease)in valuation allowance | **0.5** | (4.8) |
| Loss and others at subsidiaries | **4.5** | 4.1 |
| Permanently nontaxable dividends received | **(0.2)** | (0.1) |
| Consolidation adjustment for gain on sales of shares of subsidiaries and associates | **2.8** | - |
| Others, net | **1.7** | (0.3) |
| Effective tax rate | **33.1 %** | 26.9 % |

The significant components of deferred tax assets and liabilities at March 31, 2024 and 2023 were as follows:

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | **2024** | 2023 | **2024** |
| Deferred tax assets: | | | |
| Depreciation | **¥ 9,037** | ¥ 7,803 | **$ 59,718** |
| Carryforward tax loss | **-** | 25 | **-** |
| Provision for bonuses | **1,495** | 1,565 | **9,879** |
| Intercompany profit on sales of property, plant and equipment | **883** | 920 | **5,832** |
| Loss on devaluation of investment securities | **423** | 425 | **2,792** |
| Loss on devaluation of inventories | **673** | 638 | **4,447** |
| Loss on impairment of fixed assets | **535** | 622 | **3,535** |
| Others | **4,682** | 5,247 | **30,943** |
| Gross deferred tax assets | **17,728** | 17,245 | **117,146** |
| Valuation allowance of deductible temporary difference and others | **(1,403)** | (1,199) | **(9,273)** |
| Less valuation allowance | **(1,403)** | (1,199) | **(9,273)** |
| Total deferred tax assets | **16,325** | 16,046 | **107,873** |
| | | | |
| Deferred tax liabilities: | | | |
| Net unrealized gain on land revaluation resulting from inclusion of a subsidiary in consolidation | **(540)** | (540) | **(3,571)** |
| Tax effect of retained earnings in overseas consolidated subsidiaries | **(222)** | (215) | **(1,460)** |
| Deferred gains or losses on hedges | **(0)** | - | **(1)** |
| Net unrealized holding gain on other securities | **(24,743)** | (10,582) | **(163,507)** |
| Total deferred tax liabilities | **(25,505)** | (11,337) | **(168,539)** |
| Net deferred tax assets (liabilities) | **¥ (9,180)** | ¥ 4,709 | **$ (60,666)** |

Notes on carryforward tax loss
Carryforward tax loss and its deferred tax assets by expiration periods were omitted due to their insignificance for the year ended March 31, 2023.
It was not applicable for the year ended March 31, 2024.

## 17. Shareholders' Equity

The Japanese Laws provide that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders or by the Board of Directors if certain conditions are met.

The additional paid-in capital and legal earnings reserve have been included in capital surplus and retained earnings, respectively, in the accompanying consolidated balance sheets. Under Japanese Laws, legal earnings reserve and additional paid-in capital can be used to eliminate or reduce a deficit by a resolution of the shareholders' meeting. Additional paid-in capital and legal earnings reserve may not be distributed as dividends. All additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends. The legal reserve of the Company included in retained earnings at March 31, 2024 and 2023 amounted to ¥3,548 million ($23,450 thousand) and ¥3,548 million, respectively.

Japanese Laws further provide that, in general, an amount equal to the entire amount of paid-in capital for the issuance of new shares be transferred to the common stock account. However, an amount equal to or less than 50% of the entire amount may be transferred to the capital surplus account.

The maximum amount that the Company can distribute as dividends is calculated based on the nonconsolidated financial statements of the Company in accordance with Japanese laws and regulations.

*Treasury stock*

Movements in treasury stock during the years ended March 31, 2024 and 2023 were summarized as follows:

| | Number of shares | | | |
|---|---|---|---|---|
| | **2024** | | | |
| | March 31, 2023 | Increase | Decrease | March 31, 2024 |
| Treasury stock: | | | | |
| Common stock | **1,211,148** | **1,653** | **46,206** | **1,166,595** |

| | Number of shares | | | |
|---|---|---|---|---|
| | 2023 | | | |
| | March 31, 2022 | Increase | Decrease | March 31, 2023 |
| Treasury stock: | | | | |
| Common stock | 1,252,626 | 1,857 | 43,335 | 1,211,148 |

The number of shares of treasury stock at March 31, 2024 and 2023, respectively, includes 201 thousand shares and 247 thousand shares entrusted for the share-based compensation plan for directors and share-based compensation plan for employees held by the trust account of Custody Bank of Japan, Ltd.

### 18. Loss on Impairment of Fixed Assets

Loss on impairment of fixed assets for the year ended March 31, 2024 was summarized as follows:

| | | | **2024** | |
|---|---|---|---|---|
| Location | Classification | Description | *Millions of yen* | *Thousands of U.S. dollars* |
| Ogaki City, Gifu Prefecture | Buildings and structures | Idle | **¥ 31** | **$ 208** |
| Ogaki City, Gifu Prefecture | Machinery and equipment | Idle | **20** | **131** |
| Beijing, China | Construction in progress | Idle | **490** | **3,237** |
| Dunavarsany, Hungary | Machinery and equipment | Idle | **32** | **213** |

In general, fixed assets are grouped based on business segment. Indications of impairment of idle assets is individually determined. The carrying values of idle assets have been reduced to recoverable amounts, and a decrease in the amount of ¥573 million ($3,788 thousand) for the year ended March 31, 2024 was recorded as impairment loss. The recoverable amounts were measured at estimated net selling value, and the carrying values of idle assets were reduced to ¥1 ($0.01) for the year ended March 31, 2024.

Loss on impairment of fixed assets for the year ended March 31, 2023 was summarized as follows:

| | | | 2023 |
|---|---|---|---|
| Location | Classification | Description | *Millions of yen* |
| Ogaki City, Gifu Prefecture | Buildings and structures | Idle | **¥ 67** |
| Ogaki City, Gifu Prefecture | Machinery and equipment | Idle | **39** |
| Ogaki City, Gifu Prefecture | Construction in progress | Idle | **43** |
| Ibigawa Cho, Gifu Prefecture | Buildings and structures | Idle | **1** |
| Takahama City, Aichi Prefecture | Machinery and equipment | Idle | **0** |
| Dunavarsany, Hungary | Machinery and equipment | Idle | **693** |

In general, fixed assets are grouped based on business segment. Indications of impairment of idle assets is individually determined. The carrying values of idle assets have been reduced to recoverable amounts, and a decrease in the amount of ¥844 million for the year ended March 31, 2023 was recorded as impairment loss. The recoverable amounts were measured at estimated net selling value, and the carrying values of idle assets were reduced to ¥1 for the year ended March 31, 2023.

## 19. Gain on sales of shares of subsidiaries and associates

The Company transferred all the shares of IBIDEN Electronics (Beijing) Co., Ltd. during the year ended March 31, 2024. The details were as follows:

*Transferee and transfer date of shares*
Guangzhou Fastprint Investment Co., Ltd.
June 20, 2023

*Reason to the transfer of shares*
From the perspective of selection and concentration, the Company resolved to transfer all the shares of IBIDEN Electronics (Beijing) Co., Ltd. held by the company to a third party.

*Profit or loss on transfer*

| | 2024 | |
|---|---|---|
| | *Millions of yen* | *Thousands of U.S. dollars* |
| Gain on sales of shares of subsidiaries and associates * | **¥ 3,067** | **$ 20,267** |

* Difference between the consolidated carrying amount of the transferred shares and the transfer price

*Book value of assets and liabilities related to the transferred business*

| | 2024 | |
|---|---|---|
| | *Millions of yen* | *Thousands of U.S. dollars* |
| Current assets | **¥ 12,292** | **$ 81,229** |
| Non-current assets | **10,090** | **66,672** |
| Total assets | **22,382** | **147,901** |
| Current liabilities | **1,989** | **13,145** |
| Long-term liabilities | **25** | **164** |
| Total liabilities | **2,014** | **13,309** |

*Segment*
The transfer of shares was included in the electronics segment.

## 20. Land Revaluation

At March 31, 2002, a consolidated subsidiary revalued its land held for business use in accordance with the "Land Revaluation Law" and the amended "Land Revaluation Law". As a result, the consolidated subsidiary recognized a gain on land revaluation and recorded a deferred tax liability related to this gain. The resulting gain, net of the relevant tax effect, has been accounted for under accumulated other comprehensive income (loss) as surplus arising from land revaluation. The method followed for this land revaluation was determined in accordance with the "Land Valuation Tax Law" as stipulated in the "Enforcement Act Concerning Land Revaluation" and other regulations. As of March 31, 2024, the fair value of this land was ¥84 million ($552 thousand) less than its carrying value after revaluation.

## 21. Selling, General and Administrative Expenses

The components of selling, general and administrative expenses for the years ended March 31, 2024 and 2023 were as follows:

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | **2024** | 2023 | **2024** |
| Salaries | **¥ 9,454** | ¥ 9,490 | **$ 62,475** |
| Provision for employees' bonuses | **951** | 976 | **6,284** |
| Provision for directors' bonuses | **186** | 186 | **1,229** |
| Retirement benefit expenses | **324** | 253 | **2,143** |
| Provision for share compensation expenses | **138** | 152 | **915** |
| Research and development expenses | **20,229** | 19,683 | **133,676** |
| Others | **23,620** | 24,413 | **156,076** |
| Total | **¥ 54,902** | ¥ 55,153 | **$ 362,798** |

## 22. Other Income (Expenses)

The components of others, net in other income (expenses) for the years ended March 31, 2024 and 2023 were as follows:

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | **2024** | 2023 | **2024** |
| Gain (loss) on sales and disposals of property, plant and equipment, net | **¥ (2,391)** | ¥ (3,650) | **$ (15,797)** |
| Loss on impairment of fixed assets | **(573)** | (844) | **(3,788)** |
| Foreign exchange gain (loss), net | **1,079** | 1,406 | **7,132** |
| Share of profit of entities accounted for using equity method | **2** | 2 | **16** |
| Insurance claim income | **52** | 162 | **345** |
| Compensation expenses | **(3,157)** | 62 | **(20,859)** |
| Bond issuance costs | **(132)** | (198) | **(871)** |
| Others, net | **(364)** | (31) | **(2,414)** |
| Total | **¥ (5,484)** | ¥ (3,091) | **$ (36,236)** |

## 23. Per-share information

| | *Yen* | | *U.S. dollars* |
|---|---|---|---|
| | **2024** | 2023 | **2024** |
| Basic earnings per share | **¥ 225.44** | ¥ 373.73 | **$ 1.49** |
| Diluted earnings per share | **224.74** | - | **1.49** |
| Net assets per share | **3,543.06** | 3,002.08 | **23.41** |
| Cash dividends applicable to the year | **40.00** | 50.00 | **0.26** |

Basic earnings per share for the years ended March 31, 2024 and 2023 were computed based on the profit attributable to the shareholders of common stock and the weighted average number of shares of common stock outstanding during the year. Diluted earnings per share for the years ended March 31, 2023 was not disclosed as the Company had no potentially dilutive common shares for the years ended March 31, 2023. Amounts per share of net assets were computed based on the number of shares of common stock outstanding at the year end.

Cash dividends per share represent the cash dividends approved by the Board of Directors as applicable to the respective years together with the interim cash dividends paid.

To calculate the amount of basic earnings per share, the Company's shares held by a trust account with Custody Bank of Japan, Ltd. (entrusted for share compensation for directors, etc. and employees) are included in treasury stock (212 thousand shares and 260 thousand shares for the years ended March 31, 2024 and 2023, respectively) that is excluded from the calculation of the average number of shares for the period, and to calculate the amount of net assets per share, the Company’s shares held by the trust are included in treasury stock (201 thousand shares and 247 thousand shares for the years ended March 31, 2024 and 2023, respectively) that is excluded from the total number of shares issued and outstanding as of the end of the fiscal year.

Financial data for the computation of basic earnings per share for the years ended March 31, 2024 and 2023 in the table above were summarized as follows:

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | **2024** | 2023 | **2024** |
| Profit attributable to owners of parent | **¥ 31,490** | ¥ 52,187 | **$ 208,088** |

| | *Thousands of shares* | |
|---|---|---|
| | **2024** | 2023 |
| Weighted average number of shares of common stock outstanding during the year | **139,683** | 139,637 |

Financial data for the computation of diluted earnings per share for the years ended March 31, 2024 in the table above was summarized as follows:

| | *Millions of yen* | *Thousands of U.S. dollars* |
|---|---|---|
| | **2024** | **2024** |
| Adjustment of profit attributable to owners of parent | **¥ 16** | **$ 108** |

| | *Thousands of shares* |
|---|---|
| | **2024** |
| Increase in the number of common shares outstanding during the year | **361** |

Financial data for the computation of net assets per share at March 31, 2024 and 2023 in the above table were summarized as follows:

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | **2024** | 2023 | **2024** |
| Total net assets | **¥ 501,797** | ¥ 425,606 | **$ 3,315,911** |
| Deductions from total net assets: | | | |
| Non-controlling interests | **(6,853)** | (6,368) | **(45,281)** |
| Total net assets attributable to common stockholders | **¥ 494,944** | ¥ 419,238 | **$ 3,270,630** |

| | *Thousands of shares* | |
|---|---|---|
| | **2024** | 2023 |
| Number of shares of common stock used in the calculation of net assets per share | **139,694** | 139,649 |

## 24. Other Comprehensive Income

The following table presents reclassification adjustments and tax effects for other comprehensive income (loss) for the years ended March 31, 2024 and 2023:

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | **2024** | 2023 | **2024** |
| Net unrealized holding gain (loss) on securities: | | | |
| Amount accrued during the year | **¥ 56,518** | ¥ (2,925) | **$ 373,473** |
| Reclassification adjustments for loss (gain) realized in the statement of income | **(7,584)** | (295) | **(50,112)** |
| Before tax effect | **48,934** | (3,220) | **323,361** |
| Tax effect | **(14,505)** | 1,024 | **(95,853)** |
| Net unrealized holding gain (loss) on securities | **34,429** | (2,196) | **227,508** |
| Deferred gains or losses on hedging instruments: | | | |
| Amount arising during the year | **1** | – | **7** |
| Reclassification adjustments for (gain) loss realized in the statement of income | **–** | – | **–** |
| Before tax effect | **1** | – | **7** |
| Tax effect | **(0)** | – | **(2)** |
| Deferred gains or losses on hedging instruments: | **1** | – | **5** |
| Translation adjustments: | | | |
| Amount arising during the year | **22,966** | 11,532 | **151,758** |
| Reclassification adjustments for gain realized in the statement of income | **(7,488)** | – | **(49,478)** |
| Translation adjustments | **15,478** | 11,532 | **102,280** |
| Total | **¥ 49,908** | ¥ 9,336 | **$ 329,793** |

## 25. Supplementary Cash Flow Information

A reconciliation of cash and cash equivalents in the accompanying consolidated statement of cash flows and cash and deposits in the accompanying consolidated balance sheet is presented as follows:

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | **2024** | 2023 | **2024** |
| Cash and deposits | **¥ 443,584** | ¥ 302,420 | **$ 2,931,235** |
| Time deposits with maturities in excess of three months | **-** | - | **-** |
| Cash and cash equivalents | **¥ 443,584** | ¥ 302,420 | **$ 2,931,235** |

## 26. Derivatives

Derivative financial instruments such as forward foreign exchange contracts are utilized by the Company principally in order to manage the risk arising from adverse fluctuation in foreign currency exchange rates. The Company has established a control environment which includes policies and procedures for risk assessment, including an assessment of the effectiveness of hedging, and for the approval, reporting and monitoring of transactions involving derivatives. The Company does not hold or issue derivatives for speculative purposes.

The Company is exposed to certain market risk arising from forward foreign exchange contracts. The Company is also exposed to the risk of credit loss in the event of nonperformance by any of the counterparties to its forward foreign exchange contracts. However, the Company does not anticipate nonperformance by any of these counterparties, all of whom are financial institutions with high credit ratings.

Summarized below are the notional amounts and estimated fair value of the derivative positions outstanding at March 31, 2024 and 2023 for which hedge accounting had been applied. There were no derivatives with maturities over one year at March 31, 2024 and 2023. The estimated fair values were based on the prices obtained from financial institutions.

| **Method of hedge accounting** | **Transaction** | **Hedged items** | **2024** Notional amount | **2024** Estimated fair value |
|---|---|---|---|---|
| | | | *(Millions of yen)* | |
| Principal method of accounting | Forward foreign exchange contracts: | Accounts receivable denominated in a foreign currency and foreign currency-denominated forecast transactions | | |
| | Sell: | | | |
| | U.S. dollars | | **¥ 21,747** | **¥ (427)** |
| | Euros | | **1,766** | **(16)** |
| | Total | | **¥ 23,513** | **¥ (443)** |

| Method of hedge accounting | Transaction | Hedged items | 2023 Notional amount | 2023 Estimated fair value |
|---|---|---|---|---|
| | | | *(Millions of yen)* | |
| Principal method of accounting | Forward foreign exchange contracts: | Accounts receivable denominated in a foreign currency | | |
| | Sell: | | | |
| | U.S. dollars | | ¥ 17,874 | ¥ 378 |
| | Euros | | 3,433 | (7) |
| | Total | | ¥ 21,307 | ¥ 371 |

| Method of hedge accounting | Transaction | Hedged items | 2024 | |
|---|---|---|---|---|
| | | | **Notional amount** | **Estimated fair value** |
| | | | *(Thousands of U.S. dollars)* | |
| Principal method of accounting | Forward foreign exchange contracts: | Accounts receivable denominated in a foreign currency and foreign currency-denominated forecast transactions | | |
| | Sell | | | |
| | U.S. dollars | | **$ 143,705** | **$ (2,819)** |
| | Euros | | **11,671** | **(107)** |
| | Total | | **$ 155,376** | **$ (2,926)** |

## 27. Revenue Recognition

*Contract balances*

The following table presents the balances of receivables, contract assets and contract liabilities from contracts with customers. Receivables and contract assets from contracts with customers are included in notes and accounts receivable and electronically recorded monetary claims and contract liabilities were included in other current liabilities in the consolidated balance sheets.

| | **2024** | |
|---|---|---|
| | Balance at March 31, 2023 | Balance at March 31, 2024 |
| | *(Millions of yen)* | |
| Receivables | **¥ 75,748** | **¥ 60,667** |
| Contract assets | **3,757** | **4,746** |
| Contract liabilities | **7,014** | **11,501** |

| | 2023 | |
|---|---|---|
| | Balance at March 31, 2022 | Balance at March 31, 2023 |
| | *(Millions of yen)* | |
| Receivables | ¥ 88,985 | ¥ 75,748 |
| Contract assets | 3,098 | 3,757 |
| Contract liabilities | 6,005 | 7,014 |

| | **2024** | |
|---|---|---|
| | Balance at March 31, 2023 | Balance at March 31, 2024 |
| | *(Thousands of U.S. dollars)* | |
| Receivables | **$ 567,233** | **$ 400,889** |
| Contract assets | **28,134** | **31,362** |
| Contract liabilities | **52,527** | **75,999** |

Contract assets relate to consideration for unbilled work for which revenue has been recognized for transactions in which performance obligations are satisfied over time. Contract assets are reclassified to receivables when the right to consideration becomes unconditional. Contract liabilities primarily consist of advances received from customers representing a portion of the consideration for future performance obligations. Contract liabilities are reversed as revenue is recognized.

The amount of revenue recognized in the fiscal year that was included in the contract liability balances as of the beginning of the fiscal year were ¥6,542 million ($43,230 thousand) and ¥5,970 million as of the year ended March 31, 2024 and 2023, respectively.

*Transaction price allocated to the remaining performance obligations*

The Company and consolidated subsidiaries have applied the practical expedient to disclose the transaction price allocated to the remaining performance obligations and have not included contracts with an initial expected contractual term of 1 year or less in the disclosure. The performance obligations that have not been satisfied (or partially satisfied) were ¥11,947 million ($78,949 thousand) and ¥8,792 million as of the year ended March 31, 2024 and 2023, respectively. The performance obligations relate to transactions in Others business in which the performance obligations are satisfied over time, and are expected to be fulfilled within three years.

## 28. Segment Information

*Overview of reportable segments*

The reportable segments of the Group are components for which discrete financial information is available and whose operating results are regularly reviewed by the Company’s Board of Directors to make decisions about resource allocation and to assess the business performances of those segments.

The Group classifies the Company and its subsidiaries identified by the respective products and services they provide. Each company plans comprehensive domestic and overseas strategies for its products and conducts related business activities.

Based on the Group’s primary business activities, the reportable segments include “Electronics” and “Ceramics.” The main products or services of those segments are as follows:

Electronics segment:
This reportable segment includes the business of manufacturing and sales of package substrates.

Ceramics segment:
This reportable segment includes the business of manufacturing and sales of environment

related ceramics products, graphite specialty products, fine ceramics products and ceramics fiber.

*Methods of used to calculate sales, income (loss), assets and other items for the reportable segments*

The methods used to account for reportable segments is the same as those described in Note 2, "Summary of Significant Accounting Policies." Segment income (loss) is calculated on the basis of operating income in the consolidated statement of income. Intersegment sales are recorded basically at same prices used in transactions with third parties.

A summary of net sales, income (loss), assets and other items by reportable segment for the years ended March 31, 2024 and 2023 were as follows:

| | *Millions of yen* 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Reportable Segments** | | | **Others (*1)** | **Total** | **Adjustment (*2)** | **Consolidated Financial Statements** |
| | **Electronics** | **Ceramics** | **Total** | | | | |
| Sales to third parties | **¥ 190,700** | **¥ 96,482** | **¥ 287,182** | **¥ 83,330** | **¥ 370,512** | **¥ -** | **¥ 370,512** |
| Intersegment sales and transfers | **9** | **37** | **46** | **15,019** | **15,065** | **(15,065)** | **-** |
| Net sales | **¥ 190,709** | **¥ 96,519** | **¥ 287,228** | **¥ 98,349** | **¥ 385,577** | **¥ (15,065)** | **¥ 370,512** |
| Segment income(loss) | **¥ 27,276** | **¥ 13,357** | **¥ 40,633** | **¥ 7,057** | **¥ 47,690** | **¥ (121)** | **¥ 47,569** |
| Segment assets | **381,514** | **145,752** | **527,266** | **135,216** | **662,482** | **467,510** | **1,129,992** |
| Depreciation and amortization | **36,703** | **4,979** | **41,682** | **2,245** | **43,927** | **2,106** | **46,033** |
| Increase in property, plant and equipment and intangible assets | **136,939** | **5,172** | **142,111** | **1,865** | **143,976** | **2,608** | **146,584** |

(*1) The "Others" includes business segments that are not included in the reportable segments such as construction, housing materials, the manufacturing of foamed-resin products, processing of agricultural and marine products, operations of gas stations, software development and network design.

(*2) Adjustments are as follows:

(a) The adjustment to segment income (loss) of ¥(121) million is for the elimination of intersegment transactions of ¥6 million and corporate expenses which cannot be allocated to reportable segments of ¥(127) million.

(b) The adjustments to segment assets of ¥467,510 million is for corporate assets that could not be allocated to the business segments.

(c) The adjustments to depreciation and amortization of ¥2,106 million are for depreciation and amortization of corporate assets that could not be allocated to the business segments.

(d) The adjustments to increase in property, plant and equipment and intangible assets of ¥2,608 million are mainly for amounts of corporate assets that could not be allocated to the business segments.

| | *Millions of yen* 2023 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Reportable Segments | | | Others (*1) | Total | Adjustment (*2) | Consolidated Financial Statements |
| | Electronics | Ceramics | Total | | | | |
| Sales to third parties | ¥ 250,708 | ¥ 89,931 | ¥ 340,639 | ¥ 76,910 | ¥ 417,549 | ¥ - | ¥ 417,549 |
| Intersegment sales and transfers | - | 85 | 85 | 18,807 | 18,892 | (18,892) | - |
| Net sales | ¥ 250,708 | ¥ 90,016 | ¥ 340,724 | ¥ 95,717 | ¥ 436,441 | ¥ (18,892) | ¥ 417,549 |
| Segment income(loss) | ¥ 60,648 | ¥ 6,129 | ¥ 66,777 | ¥ 6,136 | ¥ 72,913 | ¥ (551) | ¥ 72,362 |
| Segment assets | 324,044 | 126,395 | 450,439 | 123,442 | 573,881 | 283,628 | 857,509 |
| Depreciation and amortization | 45,454 | 6,017 | 51,471 | 2,066 | 53,537 | 1,378 | 54,915 |
| Increase in property, plant and equipment and intangible assets | 121,545 | 3,083 | 124,628 | 3,609 | 128,237 | 3,038 | 131,275 |

(*1) The “Others” includes business segments that are not included in the reportable segments such as construction, housing materials, the manufacturing of foamed-resin products, processing of agricultural and marine products, operations of gas stations, software development and network design.

(*2) Adjustments are as follows:

(a) The adjustment to segment income (loss) of ¥(551) million is for the elimination of intersegment transactions of ¥(387) million and corporate expenses which cannot be allocated to reportable segments of ¥(164) million.

(b) The adjustment to segment assets of ¥283,628 million is for corporate assets that could not be allocated to the business segments.

(c) The adjustments to depreciation and amortization of ¥1,378 million are for depreciation and amortization of corporate assets that could not be allocated to the business segments.

(d) The adjustments to increase in property, plant and equipment and intangible assets of ¥3,038 million are mainly for amounts of corporate assets that could not be allocated to the business segments.

*Thousands of U.S. dollars*
**2024**

| | Reportable Segments | | | Others (*1) | Total | Adjustment (*2) | Consolidated Financial Statements |
|---|---|---|---|---|---|---|---|
| | Electronics | Ceramics | Total | | | | |
| Sales to third parties | $ 1,260,161 | $ 637,560 | $ 1,897,721 | $ 550,649 | $ 2,448,370 | $ - | $ 2,448,370 |
| Intersegment sales and transfers | 57 | 248 | 305 | 99,245 | 99,550 | (99,550) | - |
| Net sales | $ 1,260,218 | $ 637,808 | $ 1,898,026 | $ 649,894 | $ 2,547,920 | $ (99,550) | $ 2,448,370 |
| Segment income(loss) | $ 180,243 | $ 88,263 | $ 268,506 | $ 46,636 | $ 315,142 | $ (803) | $ 314,339 |
| Segment assets | 2,521,070 | 963,139 | 3,484,209 | 893,519 | 4,377,728 | 3,089,341 | 7,467,069 |
| Depreciation and amortization | 242,539 | 32,899 | 275,438 | 14,838 | 290,276 | 13,912 | 304,188 |
| Increase in property, plant and equipment and intangible assets | 904,900 | 34,176 | 939,076 | 12,331 | 951,407 | 17,229 | 968,636 |

(*1) The “Others” includes business segments that are not included in the reportable segments such as construction, housing materials, the manufacturing of foamed-resin products, processing of agricultural and marine products, operations of gas stations, software development and network design.

(*2) Adjustments are as follows:

(a) The adjustment to segment income (loss) of $(803) thousand is for the elimination of intersegment transactions of $39 thousand and corporate expenses which cannot be allocated to reportable segments of $(842) thousand.

(b) The adjustment to segment assets of $3,089,341 thousand is for corporate assets that could not be allocated to the business segments.

(c) The adjustments to depreciation and amortization of $13,912 thousand are for depreciation of corporate assets that could not be allocated to the business segments.

(d) The adjustments to increase in property, plant and equipment and intangible assets of $17,229 thousand are mainly for amounts of corporate assets that could not be allocated to the business segments.

*Related information*

*Geographical information*

Net sales to third parties by countries or areas grouped according to geographical classification for the years ended March 31, 2024 and 2023 were summarized as follows:

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | **2024** | 2023 | **2024** |
| Japan | **¥ 104,865** | ¥ 99,828 | **$ 692,958** |
| Asia (excluding Japan) | **156,255** | 214,867 | **1,032,548** |
| North America | **64,041** | 62,143 | **423,189** |
| Europe | **32,056** | 26,339 | **211,828** |
| Others | **13,295** | 14,372 | **87,847** |
| Consolidated | **¥ 370,512** | ¥ 417,549 | **$ 2,448,370** |

Net sales are categorized by country or geographic area based on the location of the customer.

Sales in Malaysia belonging to the Asia area was ¥55,099 million ($364,101 thousand), and sales in the USA belonging to the North America area was ¥58,872 million ($389,030 thousand) for the year ended March 31, 2024.

Sales in Malaysia and China belonging to the Asia area were ¥90,835 million and ¥51,693 million, and sales in the USA belonging to the North America area was ¥57,597 million for the year ended March 31, 2023.

Property, plant and equipment by country or geographical area at March 31, 2024 and 2023 were summarized as follows:

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | **2024** | 2023 | **2024** |
| Japan | **¥ 287,016** | ¥ 184,382 | **$ 1,896,623** |
| Asia (excluding Japan) | **93,661** | 95,673 | **618,919** |
| North America | **4,558** | 4,149 | **30,121** |
| Europe | **23,543** | 22,763 | **155,571** |
| Consolidated | **¥ 408,778** | ¥ 306,967 | **$ 2,701,234** |

Property, plant and equipment in the Philippines belonging to the Asia area was ¥50,582 million ($334,248 thousand) for the year ended March 31, 2024.

Property, plant and equipment in the Philippines belonging to the Asia area was ¥50,357 million for the year ended March 31, 2023.

*Major customer information*

Sales to major customers for the years ended March 31, 2024 and 2023 were as follows:

| | *Millions of yen* | *Thousands of U.S. dollars* |
|---|---|---|
| **Customer Name** | **2024** | |
| Intel Corp. | ¥ 114,639 | $ 757,545 |

| | *Millions of yen* |
|---|---|
| Customer Name | 2023 |
| Intel Corp. | ¥ 150,882 |
| Advanced Micro Devices Inc. | 50,526 |

*Amortization amount and remaining balance of goodwill*

The amortization amount and remaining balance of goodwill by reportable segment for the years ended and as of March 31, 2024 and 2023 were as follows:

| | *Millions of yen* | | | | | | |
|---|---|---|---|---|---|---|---|
| | **2024** | | | | | | |
| | **Reportable Segments** | | | **Others** | **Total** | **Corporate and Elimination** | **Consolidated Financial Statements** |
| | **Electronics** | **Ceramics** | **Total** | | | | |
| Goodwill: | | | | | | | |
| Amortization amount | **¥ –** | **¥ 111** | **¥ 111** | **¥ –** | **¥ 111** | **¥ –** | **¥ 111** |
| Remaining balance | **–** | **202** | **202** | **–** | **202** | **–** | **202** |

| | *Millions of yen* | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2023 | | | | | | |
| | Reportable Segments | | | Others | Total | Corporate and Elimination | Consolidated Financial Statements |
| | Electronics | Ceramics | Total | | | | |
| Goodwill: | | | | | | | |
| Amortization amount | ¥ – | ¥ 100 | ¥ 100 | ¥ – | ¥ 100 | ¥ – | ¥ 100 |
| Remaining balance | – | 283 | 283 | – | 283 | – | 283 |

| | *Thousands of U.S. dollars* | | | | | | |
|---|---|---|---|---|---|---|---|
| | **2024** | | | | | | |
| | **Reportable Segments** | | | **Others** | **Total** | **Corporate and Elimination** | **Consolidated Financial Statements** |
| | **Electronics** | **Ceramics** | **Total** | | | | |
| Goodwill: | | | | | | | |
| Amortization amount | **$ -** | **$ 737** | **$ 737** | **$ -** | **$ 737** | **$ -** | **$ 737** |
| Remaining balance | **-** | **1,334** | **1,334** | **-** | **1,334** | **-** | **1,334** |

*Loss on impairment of fixed assets*

Loss on impairment of fixed assets by reportable segment for the years ended March 31, 2024 and 2023 were as follows:

| | *Millions of yen* | | | | | | |
|---|---|---|---|---|---|---|---|
| | **2024** | | | | | | |
| | **Reportable Segments** | | | **Others** | **Total** | **Corporate and Elimination** | **Consolidated Financial Statements** |
| | **Electronics** | **Ceramics** | **Total** | | | | |
| Loss on impairment of fixed assets | **¥ -** | **¥ -** | **¥ -** | **¥ -** | **¥ -** | **¥ 573** | **¥ 573** |

| | *Millions of yen* | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2023 | | | | | | |
| | Reportable Segments | | | Others | Total | Corporate and Elimination | Consolidated Financial Statements |
| | Electronics | Ceramics | Total | | | | |
| Loss on impairment of fixed assets | ¥ - | ¥ - | ¥ - | ¥ - | ¥ - | ¥ 844 | ¥ 844 |

| | *Thousands of U.S. dollars* | | | | | | |
|---|---|---|---|---|---|---|---|
| | **2024** | | | | | | |
| | **Reportable Segments** | | | **Others** | **Total** | **Corporate and Elimination** | **Consolidated Financial Statements** |
| | **Electronics** | **Ceramics** | **Total** | | | | |
| Loss on impairment of fixed assets | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ 3,788** | **$ 3,788** |

## 29. Subsequent Events

### Cash dividends

The following distribution of retained earnings of the Company which was not reflected in the accompanying consolidated financial statements for the year ended March 31, 2024 was approved at a meeting of the Board of Directors held on May 13, 2024:

| | *Millions of yen* | *Thousands of U.S. dollars* |
|---|---|---|
| Year-end cash dividends (¥20 ($0.13) per share) | ¥ 2,798 | $ 18,489 |

The total amount of dividends includes dividends of ¥4 million ($27 thousand) to the shares of treasury stock of the Company (for the share-based compensation plan for directors and share- based compensation plan for employees) held by the trust account of Custody Bank of Japan, Ltd.

**Bonds issued**

The Company has passed a comprehensive resolution regarding the issuance of domestic unsecured straight bonds at a meeting of the Board of Directors held on August 2, 2024.

| | |
|---|---|
| Total amount of issuance | ¥35,000 million ($231,283 thousand) or less |
| Time of issuance | From August 5, 2024 to March 31, 2025 |
| Interest rate | 1.5% or less |
| Issuance price | ¥100 ($1) per ¥100 ($1) par value |
| Maturity | Within 5 years |
| Redemption method | Full maturity redemption |
| Application of funds | Bond redemption |

IBIDEN Co., Ltd.
https://www.ibiden.com/

2-1, Kanda-cho, Ogaki, Gifu
503-8604, Japan
Tel: +81-584-81-3111

Issued: Public Relations & ESG Group, Strategic Corporate Planning Division,
Strategic Corporate Planning Operation