



# Independent auditor's report

To the Board of Directors of TAIYO YUDEN CO., LTD.:

## Opinion

We have audited the accompanying consolidated financial statements of TAIYO YUDEN CO., LTD. (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”), which comprise the consolidated balance sheets as at March 31, 2025 and 2024, the consolidated statements of income, comprehensive income, changes in equity and cash flows for the years 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, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years 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.

### Appropriateness of the Company's judgment on the recoverability of deferred tax assets

The key audit matter	How the matter was addressed in our audit
In the consolidated balance sheet of the Group, deferred tax assets of ¥3,742 million were recognized for the current fiscal year. As described in the Note on “Tax effect accounting” to the consolidated financial statements, the amount of gross deferred tax assets before being offset by deferred tax	The primary procedures we performed to assess the appropriateness of the Company's judgment on the recoverability of deferred tax assets included the following: <b>(1) Internal control testing</b>

liabilities and deducting the valuation allowance amounted to ¥22,816 million.

Deferred tax assets are recognized to the extent that tax loss carryforwards and deductible temporary differences are expected to reduce future taxable income.

The estimated future taxable income to be generated by the Company and its domestic consolidated subsidiaries that file a consolidated tax return, which was used to determine the recoverability of their deferred tax assets, was based on the business plan for the next fiscal year prepared by the Company's management. The capacitors market, which is the major market to which these companies belong, includes products within the telecommunication equipment industry, such as smartphones where demand fluctuates widely, and therefore projections of future revenues incorporated into the business plan involved uncertainty. Accordingly, management's judgment thereon had a significant effect on the amount of deferred tax assets recognized.

We, therefore, determined that our assessment of the appropriateness of the Company's judgment on the recoverability of deferred tax assets was of most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.

We tested the design, implementation and operating effectiveness of certain of the Company's internal controls relevant to the Company's judgment on the recoverability of deferred tax assets.

**(2) Assessment of the reasonableness of the estimated future taxable income**

In order to evaluate the appropriateness of key assumptions adopted by management in estimating future taxable income, which was important for the Company's judgment on the recoverability of deferred tax assets of the Company and its domestic consolidated subsidiaries, we inquired of the Company's management regarding the basis on which those assumptions were developed. In addition, we:

- assessed the reasonableness of classification required on "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26), taking into account factors such as the occurrences of tax loss carryforwards;
- assessed the appropriateness of the assumptions used to project future revenues by inspecting reports on demand forecasts for the capacitors market published by external research organizations, and by inspecting future order forecast information provided by major customers;
- analyzed the causes of differences between the past business plans and actual results and then assessed whether they were properly taken into account in estimating future taxable income; and
- evaluated, with the assistance of tax specialists, the appropriateness of the calculation of taxable income and each item of tax-return adjustments included in the calculation, as well as the appropriateness of the scheduling of deductible temporary differences and tax loss carryforwards.

## Other Information

The other information comprises the information included in the Consolidated Financial Statements with Independent Auditor's Report, but does not include the consolidated financial statements, the financial statements, and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. The audit and supervisory committee are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and

maintenance of the reporting process for the other information.

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

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

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

We have nothing to report in this regard.

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

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

The audit and supervisory committee are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the audit and supervisory committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with 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 the audit and supervisory committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries for the current year are 258 million yen and 66 million yen, respectively.

## 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.

/S/ Yoshinori Saito  
Designated Engagement Partner  
Certified Public Accountant

/S/ Hiromasa Niinaya  
Designated Engagement Partner  
Certified Public Accountant

KPMG AZSA LLC  
Tokyo Office, Japan  
August 29, 2025

**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.

(1) Consolidated financial statements  
1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
<b>Assets</b>		
Current assets		
Cash and deposits	102,783	78,166
Notes and accounts receivable - trade	*2, *4 81,199	*2 80,549
Merchandise and finished goods	33,287	31,161
Work in process	44,993	53,620
Raw materials and supplies	24,056	25,245
Other	11,205	10,868
Allowance for doubtful accounts	(305)	(327)
Total current assets	297,219	279,284
Non-current assets		
Property, plant and equipment		
Buildings and structures	172,862	189,452
Machinery, equipment and vehicles	408,458	440,279
Tools, furniture and fixtures	43,569	45,633
Land	16,171	16,525
Construction in progress	39,100	32,133
Accumulated depreciation	(406,606)	(437,185)
Total property, plant and equipment	273,556	286,837
Intangible assets		
Other	1,807	1,907
Total intangible assets	1,807	1,907
Investments and other assets		
Investment securities	*1 1,342	*1 20
Retirement benefit asset	77	26
Deferred tax assets	4,168	3,742
Other	1,615	1,451
Allowance for doubtful accounts	(100)	(82)
Total investments and other assets	7,102	5,159
Total non-current assets	282,466	293,904
Total assets	579,686	573,188

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	29,745	27,157
Short-term borrowings	4,200	4,200
Current portion of long-term borrowings	9,255	15,502
Accounts payable - other	22,013	14,035
Income taxes payable	2,182	2,086
Provision for bonuses	5,056	4,029
Provision for bonuses for directors	17	4
Other	*3 13,310	*3 12,629
<b>Total current liabilities</b>	<b>85,780</b>	<b>79,645</b>
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	51,170	50,991
Long-term borrowings	84,219	93,707
Deferred tax liabilities	7,986	8,338
Provision for retirement benefits for directors (and other officers)	48	49
Retirement benefit liability	6,994	7,229
Other	13,386	14,055
<b>Total non-current liabilities</b>	<b>163,806</b>	<b>174,372</b>
<b>Total liabilities</b>	<b>249,587</b>	<b>254,017</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	33,575	33,575
Capital surplus	49,922	49,969
Retained earnings	230,905	222,012
Treasury shares	(13,411)	(13,157)
<b>Total shareholders' equity</b>	<b>300,990</b>	<b>292,399</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	478	-
Deferred gains or losses on hedges	(32)	(8)
Foreign currency translation adjustment	27,861	26,291
Remeasurements of defined benefit plans	(161)	(246)
<b>Total accumulated other comprehensive income</b>	<b>28,146</b>	<b>26,036</b>
Share acquisition rights	961	734
<b>Total net assets</b>	<b>330,098</b>	<b>319,171</b>
<b>Total liabilities and net assets</b>	<b>579,686</b>	<b>573,188</b>

2) Consolidated statements of income and consolidated statements of comprehensive income  
Consolidated statements of income

(Millions of yen)

		Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025
Net sales	*1	322,647	*1	341,438
Cost of sales	*2	257,191	*2	269,867
Gross profit		65,456		71,570
Selling, general and administrative expenses	*3, *4	56,376	*3, *4	61,110
Operating profit		9,079		10,459
Non-operating income				
Interest income		1,324		1,551
Dividend income		57		0
Foreign exchange gains		3,961		–
Subsidy income		771		360
Other		431		313
Total non-operating income		6,546		2,225
Non-operating expenses				
Interest expenses		698		891
Foreign exchange losses		–		819
Bond issuance costs		116		–
Depreciation of inactive non-current assets		137		297
Compensation expenses		808		87
Other		107		70
Total non-operating expenses		1,868		2,167
Ordinary profit		13,757		10,517
Extraordinary income				
Gain on sale of non-current assets	*5	24	*5	24
Gain on sale of investment securities		177		504
Gain on sale of golf club membership		69		–
Gain on reversal of loss related to anti-monopoly act		–		68
Other		–		1
Total extraordinary income		271		598
Extraordinary losses				
Loss on sale and retirement of non-current assets	*6	730	*6	477
Impairment losses	*7	1	*7	16
Business restructuring expenses		–	*8	324
Loss on disaster	*9	223	*9	157
Loss related to anti-monopoly act		–	*10	1,687
Other		1		86
Total extraordinary losses		956		2,750
Profit before income taxes		13,073		8,365
Income taxes - current		4,270		5,548
Income taxes - deferred		485		488
Total income taxes		4,755		6,037
Profit		8,317		2,328
Profit attributable to owners of parent		8,317		2,328

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit	8,317	2,328
Other comprehensive income		
Valuation difference on available-for-sale securities	(152)	(478)
Deferred gains or losses on hedges	(31)	23
Foreign currency translation adjustment	14,774	(1,569)
Remeasurements of defined benefit plans, net of tax	(134)	(84)
Total other comprehensive income	* 14,455	* (2,109)
Comprehensive income	22,773	218
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	22,773	218

3) Consolidated statements of changes in equity  
Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	33,575	49,908	233,802	(13,457)	303,829
Changes during period					
Dividends of surplus			(11,215)		(11,215)
Profit attributable to owners of parent			8,317		8,317
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		13		45	59
Net changes in items other than shareholders' equity					
Total changes during period	–	13	(2,897)	45	(2,838)
Balance at end of period	33,575	49,922	230,905	(13,411)	300,990

	Accumulated other comprehensive income					Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	631	(0)	13,086	(26)	13,690	958	318,478
Changes during period							
Dividends of surplus							(11,215)
Profit attributable to owners of parent							8,317
Purchase of treasury shares							(0)
Disposal of treasury shares							59
Net changes in items other than shareholders' equity	(152)	(31)	14,774	(134)	14,455	3	14,459
Total changes during period	(152)	(31)	14,774	(134)	14,455	3	11,620
Balance at end of period	478	(32)	27,861	(161)	28,146	961	330,098

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	33,575	49,922	230,905	(13,411)	300,990
Changes during period					
Dividends of surplus			(11,221)		(11,221)
Profit attributable to owners of parent			2,328		2,328
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		47		254	302
Net changes in items other than shareholders' equity					
Total changes during period	–	47	(8,892)	254	(8,591)
Balance at end of period	33,575	49,969	222,012	(13,157)	292,399

	Accumulated other comprehensive income					Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	478	(32)	27,861	(161)	28,146	961	330,098
Changes during period							
Dividends of surplus							(11,221)
Profit attributable to owners of parent							2,328
Purchase of treasury shares							(0)
Disposal of treasury shares							302
Net changes in items other than shareholders' equity	(478)	23	(1,569)	(84)	(2,109)	(226)	(2,336)
Total changes during period	(478)	23	(1,569)	(84)	(2,109)	(226)	(10,927)
Balance at end of period	–	(8)	26,291	(246)	26,036	734	319,171

## 4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
<b>Cash flows from operating activities</b>		
Profit before income taxes	13,073	8,365
Depreciation	39,391	46,258
Impairment losses	1	16
Business restructuring expenses	–	324
Loss on disaster	223	157
Loss related to anti-monopoly act	–	1,687
Increase (decrease) in allowance for doubtful accounts	23	26
Increase (decrease) in provision for bonuses	811	(1,036)
Increase (decrease) in provision for bonuses for directors	(43)	(13)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	7	2
Interest and dividend income	(1,381)	(1,551)
Interest expenses	698	891
Loss (gain) on sale and retirement of non-current assets	706	453
Loss (gain) on sale of investment securities	(177)	(504)
Gain on reversal of loss related to anti-monopoly act	–	(68)
Subsidy income	(360)	(167)
Decrease (increase) in trade receivables	(4,840)	(1,632)
Decrease (increase) in inventories	7,146	(9,039)
Increase (decrease) in trade payables	4,398	(2,797)
Other, net	(9,378)	(1,999)
Subtotal	50,298	39,373
Interest and dividends received	1,286	1,400
Interest paid	(655)	(837)
Payments associated with disaster loss	(28)	(250)
Payments for loss related to anti-monopoly act	–	(1,420)
Income taxes refund (paid)	202	(4,324)
Net cash provided by (used in) operating activities	51,104	33,941
<b>Cash flows from investing activities</b>		
Purchase of non-current assets	(79,907)	(62,715)
Proceeds from sale of non-current assets	52	92
Decrease (increase) in time deposits	(4,346)	(3,014)
Proceeds from sale of investment securities	191	1,344
Subsidies received	606	267
Other, net	608	498
Net cash provided by (used in) investing activities	(82,793)	(63,527)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(26,000)	–
Proceeds from long-term borrowings	42,708	25,000
Repayments of long-term borrowings	(17,969)	(9,265)
Proceeds from issuance of convertible-bond-type bonds with share acquisition rights	51,133	–
Purchase of treasury shares	(0)	(0)
Dividends paid	(11,198)	(11,203)
Repayments of lease liabilities	(1,014)	(1,380)
Other, net	(11)	(100)
Net cash provided by (used in) financing activities	37,647	3,048
Effect of exchange rate change on cash and cash equivalents	4,858	(858)
Net increase (decrease) in cash and cash equivalents	10,815	(27,396)
Cash and cash equivalents at beginning of period	84,124	94,940
Cash and cash equivalents at end of period	*	*
	94,940	67,543

[Notes]

## Notes - Significant accounting policies for preparation of consolidated financial statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards (“IFRS”).

### (1) Scope of consolidation

TAIYO YUDEN CO., LTD. (the “Company”) has 30 consolidated subsidiaries (all subsidiaries).

TAIYO YUDEN (INDIA) ELECTRONICS PRIVATE LIMITED was established in the current fiscal year, and thus is included in the scope of consolidation.

### (2) Application of equity method

i) There are no associated companies accounted for using the equity method for the years ended March 31, 2024 and 2025.

ii) Name of associate not accounted for by the equity method

Bifröstec Inc.

Reasons for not accounting for by the equity method

The companies not accounted for by the equity method are excluded from the scope of equity method because the exclusion has a minimal impact on profit or loss (for the Company’s equity interest), retained earnings (for the Company’s equity interest) and others, and they have no importance as a whole.

### (3) The fiscal years of consolidated subsidiaries

As the reporting date for consolidated subsidiaries – TAIYO YUDEN (GUANGDONG) CO., LTD., TAIYO YUDEN (SHANGHAI) TRADING CO., LTD., TAIYO YUDEN (CHINA) CO., LTD., TAIYO YUDEN (CHANGZHOU) CO., LTD., ELNA ELECTRONICS (S) PTE. LTD., ELNA AMERICA, INC., ELNA (SHANGHAI) CO., LTD. and ELNA (THAILAND) CO., LTD. – is December 31, their preliminary financial statements prepared as of the consolidated reporting date of March 31 are used as a basis for consolidation.

Additionally, financial statements based on a provisional settlement as of the consolidated reporting date of March 31 had been used for ELNA (MALAYSIA) SDN. BHD., which previously had a reporting date of December 31. However, from the current fiscal year, ELNA (MALAYSIA) SDN. BHD. has changed its reporting date to March 31. There is no impact from this change in the reporting date.

### (4) Accounting policies

i) Accounting policies for measuring significant assets

a) Securities

Other securities (available-for-sale securities)

Securities other than shares, etc. with no market price

Measured at fair value

(valuation differences are reported as components of net assets and the cost of securities sold is calculated based on the moving average method.)

Shares, etc. with no market price

Stated at cost using the moving-average method

b) Derivatives

Measured at fair value

c) Inventories

Finished goods and merchandise: Mainly stated at cost as determined by the gross average method (The book value stated in the balance sheet is written down based on the decreased profitability.)

Work in process: Mainly stated at cost as determined by the gross average method

(The book value stated in the balance sheet is written down based on the decreased profitability.)

Raw materials and supplies: Mainly stated at cost as determined by the first-in-first-out method

(The book value stated in the balance sheet is written down based on the decreased profitability.)

- ii) Accounting method for depreciation of significant assets
  - a) Property, plant and equipment (excluding leased assets and right-of-use assets)

The declining-balance method is mainly applied for the Company and its domestic consolidated subsidiaries. However, the straight-line method is applied to buildings acquired (excluding facilities attached to buildings) on and after April 1, 1998, and facilities attached to buildings and structures acquired on and after April 1, 2016 by the Company and its domestic consolidated subsidiaries. Useful lives of the assets and residual value of the assets are mainly estimated in consistent with the method accepted under the Corporate Tax Law in Japan.

The straight-line method is mainly applied for overseas consolidated subsidiaries.
  - b) Intangible assets (excluding leased assets)

The straight-line method is applied for the Company and its domestic consolidated subsidiaries. Useful lives of the assets are estimated in consistent with the method accepted under the Corporate Tax Law in Japan. However, internal use software is amortized using the straight-line method over the estimated useful life which is internally determined (mainly five years).

The straight-line method is applied for overseas consolidated subsidiaries.
  - c) Leased assets

Leased assets are depreciated over the lease term by the straight-line method with no residual value.
  - d) Right-of-use assets

Right-of-use assets are depreciated over the lease term by the straight-line method with no residual value.
- iii) Accounting method for significant provisions
  - a) Allowance for doubtful accounts

To prepare for losses from bad debt, the Company and its domestic consolidated subsidiaries provide an allowance for doubtful accounts at an uncollectible amount estimated by either using the historical rate of credit loss in the case of general receivables, or based on individual consideration of collectibility in the case of specific receivables such as doubtful receivables.

Overseas consolidated subsidiaries record the amount of potential loss mainly estimated on an individual basis.
  - b) Provision for bonuses

To prepare for bonus payments to employees, provision for bonuses is provided based on the estimated amount of payments.
  - c) Provision for bonuses for directors

To prepare for bonus payments to directors, provision for bonuses for directors is provided based on the estimated amount of payments.
  - d) Provision for retirement benefits for directors (and other officers)

Some consolidated subsidiaries provide the necessary amount at the end of the current fiscal year in accordance with internal rules to prepare for the payment of directors' retirement benefits.
- iv) Accounting method for retirement benefits
  - a) Method of attributing expected retirement benefit to periods

In calculating retirement benefit obligations, the estimated amount of retirement benefits is attributed to the periods up to the end of the current fiscal year mainly on a benefit formula basis.
  - b) Method of expensing actuarial gains and losses

Actuarial gains and losses are amortized by the straight-line method over a certain number of years (mostly 10 years) within the average number of remaining service years of the eligible employees at the time they arise, and allocated proportionately beginning in the following fiscal year.
  - c) Adoption of simplified accounting method used by small companies

Some consolidated subsidiaries apply the simplified method in calculating the retirement benefit liabilities and retirement benefit expenses, which assumes the retirement benefit obligations to be equal to the benefits payable assuming the voluntary retirement of all employees at fiscal year-end.

- v) Accounting policy for recognition of significant revenues and expenses  
The Company group (the “Group”) mainly produces and sells electronic components, such as capacitors, inductors and integrated modules & devices. For sales of these products, the Group considers performance obligations to be satisfied and recognizes revenue principally at the time of inspection, or at the time of transfer of risks and economic benefits, because that is when customers obtain control of the products. For domestic sales, if the period from shipment of a product to transfer of control of the product to a customer is a normal period of time, revenue is recognized at the time of the shipment. In addition, revenue is measured at an amount calculated by deducting discounts, etc. from consideration promised under a contract with the customer. Consideration for transactions is received within one year from satisfaction of performance obligations, and does not contain any significant financial components.
- vi) Accounting policy for significant hedging
- a) Accounting policy for hedging  
Deferred hedge accounting is applied.
- b) Hedging instruments and hedged items  
Hedging instruments: Forward foreign exchange contract  
Hedged items: Monetary receivables and payables denominated in foreign currencies and forecast transactions
- c) Hedging policy  
In accordance with the internal risk management regulations, derivative transactions are not entered into for speculative purposes and unless they are backed by actual demand.
- d) Method of evaluating hedge effectiveness  
The determination of hedging effectiveness is not performed because for forward foreign exchange contracts in place to hedge foreign-currency transactions the important conditions for the hedging instrument and the hedged item are identical, and it is expected that market fluctuations, etc., will be offset at the beginning of the hedging and continuously thereafter.
- vii) Amortization method and period for goodwill  
Goodwill and goodwill equivalent are amortized over the period within 20 years during which their effects remain using the straight-line method.
- viii) Scope of cash and cash equivalents in the consolidated statements of cash flows  
Cash and cash equivalents in the consolidated statements of cash flows consist of cash on hand; demand deposits; and short-term, highly liquid investments with maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.
- ix) Other significant matters for preparation of the consolidated financial statements
- a) Application of group tax sharing system  
The group tax sharing system is applied for the Company and its domestic consolidated subsidiaries.
- b) Stated amount  
Amounts presented in the accompanying consolidated financial statements are rounded down to the nearest million yen. Accordingly, the totals do not necessarily agree with the sum of the individual amounts.

## Notes - Significant accounting estimates

### 1. Recoverability of deferred tax assets

#### (1) Amounts recorded in the consolidated financial statements for the current fiscal year

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Deferred tax assets	4,168	3,742

#### (2) Information on the content of significant accounting estimates related to identified items

Deferred tax assets are recorded to the extent that the effect of reducing the future tax payment is expected based on an estimated amount of future taxable income. The premise of the estimated taxable income is the business plans approved by the Board of Directors.

The group tax sharing system is applied for the Company and its domestic subsidiaries. The Company judges the recoverability of deferred tax assets in accordance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ PITF No. 42). Accordingly, the Company judges recoverability of national corporate income tax and local corporate income tax subject to the group tax sharing system on the basis of the “entire consolidated group enlisting the group tax sharing system” whereby all of the tax return filing entities within the consolidated group enlisting the group tax sharing system are combined into a single tax return filing entity. Moreover, the Company judges recoverability of resident tax and enterprise tax not subject to the group tax sharing system on the basis of each tax return filing entity.

In addition, recoverability for overseas subsidiaries is judged for each company.

A major assumption in the business plans is projection of revenues. With regard to the business plans, demand forecasts are made based on market statistics and customer trends, sales plans are developed by customer and by product, production items and volumes are determined for each factory, and plans for production costs and administrative expenses are prepared by company and by department. The business plans on consolidation and individual company level, which are based on the future taxable income, are determined after the examinations and accommodations on consistency with target, production capacity, forecasts of foreign currency exchange rates, profits allocation in accordance with transfer price taxation rules.

As stated above, the business plans that serve as the premise of judging recoverability include many factors of estimation, such as sales volume/prices and exchange rates. The performance of electronic components industry tends to be volatile, and these factors may fluctuate beyond the scope of assumptions made as of the time when the business plans were prepared. Any changes in the conditions that serve as the premise of judging recoverability may significantly affect the amounts of deferred tax assets and income taxes-deferred in the consolidated financial statements for the next fiscal year.

### 2. Impairment of non-current assets

#### (1) Amounts recorded in the consolidated financial statements for the current fiscal year

(Millions of yen)

	As of March 31, 2024 and for the fiscal year ended March 31, 2024	As of March 31, 2025 and for the fiscal year ended March 31, 2025
Property, plant and equipment and intangible assets	275,363	288,744
Impairment losses	1	16

#### (2) Information on the content of significant accounting estimates related to identified items

The Group mainly categorizes assets based on product groups. When there is an indication of impairment, such as continuous losses from operating activities in a certain product group, recoverability test is made. If the recoverable amount, such as the total amount of undiscounted future cash flows from the relevant asset group, is less than the book value, the carrying amount is reduced to the recoverable amount, and the reduced amount is recorded as an impairment loss.

Undiscounted future cash flows were estimated based on the business plans and the medium-term plan approved by the Board of Directors, and the plans for the business associated with the relevant asset group were used. These plans were prepared based on assumptions including a sales plan developed by taking into account estimated production volume at customers and market trends, and a cost reduction plan.

The Group has judged that the estimates using these premises are reasonable. However, if a revision is

required due to changes in the economic environment or business strategy, impairment may need to be recognized in the following fiscal year.

#### **Notes - Changes in accounting policies**

*Application of the “Accounting Standard for Current Income Taxes,” etc.*

The Company has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022), etc. from the beginning of the current fiscal year. This does not have any impact on the consolidated financial statements for the current fiscal year.

#### **Notes - New accounting standards not yet applied**

- “Accounting Standard for Leases” (ASBJ Statement No. 34, issued by the Accounting Standards Board of Japan on September 13, 2024)
- “Guidance on Accounting Standard for Leases” (ASBJ Guidance No. 33, issued by the Accounting Standards Board of Japan on September 13, 2024), etc.

##### **(1) Outline**

As part of its efforts for ensuring that Japanese GAAP is consistent with international accounting standards, the ASBJ conducted a review, taking into consideration international accounting standards, toward the development of the Accounting Standard for Leases for recognizing assets and liabilities for all leases held by a lessee. Accordingly, the ASBJ issued the Accounting Standard for Leases, etc., which were developed under a basic policy with the aim of being simple and highly convenient by incorporating only the key provisions of IFRS 16 instead of all the provisions, despite being based on the single accounting model of IFRS 16, while also making revisions basically unnecessary even when the provisions of IFRS 16 are applied for non-consolidated financial statements.

Regarding the method for allocating the lessee’s lease expenses in the lessee’s accounting treatment, a single accounting model is applied for recording the depreciation related to right-of-use assets and the amount equivalent to the interest on lease liabilities for all leases regardless of whether a lease is a finance lease or an operating lease. This is the same as under IFRS 16.

##### **(2) Scheduled date of application**

This accounting standard will be applied from the beginning of the fiscal year ending March 31, 2028.

##### **(3) Effects of application of the accounting standards, etc.**

The impact of the application of the “Accounting Standard for Leases,” etc. on the consolidated financial statements is currently under evaluation.

## Notes - Consolidated balance sheets

\*1 Investments in associates are as follows:

	(Millions of yen)	
	As of March 31, 2024	As of March 31, 2025
Investment securities (shares)	20	20

\*2 The respective amounts of receivables from contracts with customers included in “notes and accounts receivable - trade” are as follows:

	(Millions of yen)	
	As of March 31, 2024	As of March 31, 2025
Notes receivable - trade	2,046	1,924
Accounts receivable - trade	79,152	78,624

\*3 The amount of contract liabilities included in “other” under current liabilities is as follows:

	(Millions of yen)	
	As of March 31, 2024	As of March 31, 2025
Contract liabilities	21	19

\*4 Promissory notes due on the balance sheet date

Promissory notes due on the balance sheet date are accounted for as settled on the clearing date. However, since the last day of the previous fiscal year was a non-business day for financial institutions, the following promissory notes due on the balance sheet date are included in the balance at the end of the fiscal year.

	(Millions of yen)	
	As of March 31, 2024	As of March 31, 2025
Notes receivable - trade	89	-

## Notes - Consolidated statements of income

\*1 Revenue from contracts with customers

In the presentation of net sales, revenue from contracts with customers is not distinguished from other revenues. The amount of revenue from contracts with customers is provided in “Notes - Revenue recognition, 1. Disaggregations of revenue from contracts with customers” of the consolidated financial statements.

\*2 The amount of inventories at the fiscal year-end represents the amount after writing down of the book value due to declines in profitability of assets, and the following loss on revaluation of inventories is included in the cost of sales. (The figure in parenthesis represents the amount of reversal.)

	(Millions of yen)	
	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)
	(3,179)	(404)

\*3 Major items and amounts of selling, general and administrative expenses are as follows.

	(Millions of yen)	
	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)
Freight costs and fees	7,474	8,710
Research and development expenses	13,696	15,042
Employees' salaries and allowances	13,707	14,795
Retirement benefit expenses	823	872
Provision for bonuses	1,665	1,488
Provision for bonuses for directors	17	4
Depreciation	2,369	2,809
Provision of allowance for doubtful accounts	23	37

\*4 Total amount of research and development expenses included in general and administrative expenses and production cost in the current period

(Millions of yen)

	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)
	13,696	15,042

\*5 Details of gain on sale of non-current assets are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)
Machinery, equipment and vehicles	20	21
Tools, furniture and fixtures	3	2
Other	0	0
Total	24	24

\*6 Details of loss on sale and retirement of non-current assets are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)
Loss on retirement of non-current assets		
Buildings and structures	296	308
Machinery, equipment and vehicles	285	86
Software	2	54
Other	24	1
Subtotal	608	451
Loss on sale of non-current assets		
Machinery, equipment and vehicles	112	22
Tools, furniture and fixtures	9	4
Subtotal	122	26
Total	730	477

\*7 Impairment losses

The Group recorded impairment losses with respect to the following asset groups.

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

Type	Application	Location	Amount
Machinery, equipment and vehicles	Idle assets	The Philippines	¥1 million

The Group categorizes its business assets by segmentation for management accounting, and idle assets by individual asset. Property, plant and equipment such as head office and laboratories are categorized as common assets.

For the idle assets with no specific utilization plan and no recoverability, their book values have been written down to the memorandum value and such reduction was recorded as impairment loss.

The recoverable amount was measured at value in use, which was evaluated as zero.

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

Type	Application	Location	Amount
Buildings and structures	Idle assets	Nakanojo-machi, Gunma	¥4 million
Machinery, equipment and vehicles	Idle assets	Nakanojo-machi, Gunma; Others	¥7 million
Other	Idle assets	Inami-cho, Wakayama	¥4 million

The Group categorizes its business assets by segmentation for management accounting, and idle assets by individual asset. Property, plant and equipment such as head office and laboratories are categorized as common assets.

For the idle assets with no specific utilization plan and no recoverability, their book values have been written down to the memorandum value and such reduction was recorded as impairment loss.

The recoverable amount was measured at value in use, which was evaluated as zero.

\*8 Business restructuring expenses

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

Not applicable

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

The Group has recorded the expenses incurred from the restructuring of its domestic subsidiary (primarily extra retirement payments associated with solicitation for voluntary retirement) as business restructuring expenses and presented as extraordinary losses.

\*9 Loss on disaster

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

Our subsidiary NIIGATA TAIYO YUDEN CO., LTD. (Joetsu-shi, Niigata) suffered damage due to the impact of the 2024 Noto Peninsula Earthquake that struck on January 1, 2024. Amounts of disposal of inventories due to the disaster and facility repair costs to the extent reasonably estimable in the current fiscal year are recorded as “Loss on disaster.”

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

Our subsidiary NIIGATA TAIYO YUDEN CO., LTD. (Joetsu-shi, Niigata) suffered damage due to the impact of the 2024 Noto Peninsula Earthquake that struck on January 1, 2024. Amounts of losses due to the disaster are recorded as “Loss on disaster.”

\*10 Loss related to anti-monopoly act

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

Not applicable

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

The Company has recorded a settlement, etc. incurred with respect to a claim for damages on the grounds that ELNA CO., LTD, which is the Company’s consolidated subsidiary violated the anti-monopoly act in relation to transactions of aluminum electrolytic capacitors, etc.

## Notes - Consolidated statements of comprehensive income

\* Notes regarding reclassification adjustments, income taxes and tax effects relating to other comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)
Valuation difference on available-for-sale securities:		
Amount arising during the year	(142)	25
Reclassification adjustments	(10)	(504)
Before income taxes and tax effects adjustments	(152)	(478)
Income taxes and tax effect	–	–
Valuation difference on available-for-sale securities	(152)	(478)
Deferred gains or losses on hedges:		
Amount arising during the year	(46)	(12)
Reclassification adjustments	1	46
Before income taxes and tax effects adjustments	(45)	34
Income taxes and tax effect	13	(10)
Deferred gains or losses on hedges	(31)	23
Foreign currency translation adjustment:		
Amount arising during the year	14,774	(1,569)
Reclassification adjustments	–	–
Before income taxes and tax effects adjustments	14,774	(1,569)
Income taxes and tax effect	–	–
Foreign currency translation adjustment	14,774	(1,569)
Remeasurements of defined benefit plans:		
Amount arising during the year	(252)	(169)
Reclassification adjustments	98	70
Before income taxes and tax effects adjustments	(153)	(98)
Income taxes and tax effect	18	13
Remeasurements of defined benefit plans	(134)	(84)
Total other comprehensive income	14,455	(2,109)

## Notes - Consolidated statements of changes in equity

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

### 1. Classes and total number of shares issued and classes and number of treasury shares

(Thousands shares)

	Number of shares at beginning of current period	Increase	Decrease	Number of shares at end of current period
Shares issued				
Common stock	130,218	–	–	130,218
Total	130,218	–	–	130,218
Treasury shares				
Common stock (Note) 1, (Note) 2	5,610	0	19	5,591
Total	5,610	0	19	5,591

(Notes) 1. The increase of zero thousand shares of treasury shares of common stock is due to purchase of fractional shares.

2. The decrease of 19 thousand shares of treasury shares of common stock is due to the exercise of stock options.

### 2. Share acquisition rights and treasury share acquisition rights

Category	Breakdown of share acquisition rights	Class of shares to be issued or transferred upon exercise of share acquisition rights	Number of shares to be issued or transferred upon exercise of share acquisition rights (Shares)				Balance at end of current period (Millions of yen)
			At beginning of current period	Increase	Decrease	At end of current period	
Reporting company (parent company)	Share acquisition rights under 2007 Stock Option Plan	–	–	–	–	–	24
	Share acquisition rights under 2008 Stock Option Plan	–	–	–	–	–	5
	Share acquisition rights under 2009 Stock Option Plan	–	–	–	–	–	5
	Share acquisition rights under 2010 Stock Option Plan	–	–	–	–	–	6
	Share acquisition rights under 2011 Stock Option Plan	–	–	–	–	–	5
	Share acquisition rights under 2012 Stock Option Plan	–	–	–	–	–	3
	Share acquisition rights under 2013 Stock Option Plan	–	–	–	–	–	14
	Share acquisition rights under 2014 Stock Option Plan	–	–	–	–	–	19
	Share acquisition rights under 2015 Stock Option Plan	–	–	–	–	–	46
	Share acquisition rights under 2016 Stock Option Plan	–	–	–	–	–	30
	Share acquisition rights under 2017 Stock Option Plan	–	–	–	–	–	61
	Share acquisition rights under 2018 Stock Option Plan	–	–	–	–	–	131
	Share acquisition rights under 2019 Stock Option Plan	–	–	–	–	–	82
	Share acquisition rights under 2020 Stock Option Plan	–	–	–	–	–	147
	Share acquisition rights under 2021 Stock Option Plan	–	–	–	–	–	253
Share acquisition rights under 2022 Stock Option Plan	–	–	–	–	–	79	
Share acquisition rights under 2023 Stock Option Plan	–	–	–	–	–	41	
	Total	–	–	–	–	–	961

### 3. Dividends

#### (1) Dividends paid

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 29, 2023	Common stock	5,607	45	March 31, 2023	June 30, 2023
Board of Directors meeting held on November 7, 2023	Common stock	5,608	45	September 30, 2023	December 1, 2023

#### (2) Dividends for which record date is in the current fiscal year with effective date in the following fiscal year

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 27, 2024	Common stock	5,608	Retained earnings	45	March 31, 2024	June 28, 2024

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

#### 1. Classes and total number of shares issued and classes and number of treasury shares

	Number of shares at beginning of current period	Increase	Decrease	Number of shares at end of current period
(Thousands shares)				
Shares issued				
Common stock	130,218	–	–	130,218
Total	130,218	–	–	130,218
Treasury shares				
Common stock (Note) 1, (Note) 2	5,591	0	106	5,485
Total	5,591	0	106	5,485

(Notes) 1. The increase of zero thousand shares of treasury shares of common stock is due to purchase of fractional shares.

2. The decrease of 106 thousand shares in the number of treasury shares of common stock is attributable to a decrease of 90 thousand shares due to the exercise of stock options and a decrease of 15 thousand shares due to disposal of treasury shares as restricted share awards.

## 2. Share acquisition rights and treasury share acquisition rights

Category	Breakdown of share acquisition rights	Class of shares to be issued or transferred upon exercise of share acquisition rights	Number of shares to be issued or transferred upon exercise of share acquisition rights (Shares)				Balance at end of current period (Millions of yen)
			At beginning of current period	Increase	Decrease	At end of current period	
Reporting company (parent company)	Share acquisition rights under 2007 Stock Option Plan	–	–	–	–	–	24
	Share acquisition rights under 2008 Stock Option Plan	–	–	–	–	–	5
	Share acquisition rights under 2009 Stock Option Plan	–	–	–	–	–	5
	Share acquisition rights under 2010 Stock Option Plan	–	–	–	–	–	6
	Share acquisition rights under 2011 Stock Option Plan	–	–	–	–	–	5
	Share acquisition rights under 2012 Stock Option Plan	–	–	–	–	–	3
	Share acquisition rights under 2013 Stock Option Plan	–	–	–	–	–	9
	Share acquisition rights under 2014 Stock Option Plan	–	–	–	–	–	13
	Share acquisition rights under 2015 Stock Option Plan	–	–	–	–	–	31
	Share acquisition rights under 2016 Stock Option Plan	–	–	–	–	–	21
	Share acquisition rights under 2017 Stock Option Plan	–	–	–	–	–	45
	Share acquisition rights under 2018 Stock Option Plan	–	–	–	–	–	97
	Share acquisition rights under 2019 Stock Option Plan	–	–	–	–	–	63
	Share acquisition rights under 2020 Stock Option Plan	–	–	–	–	–	108
	Share acquisition rights under 2021 Stock Option Plan	–	–	–	–	–	186
	Share acquisition rights under 2022 Stock Option Plan	–	–	–	–	–	62
Share acquisition rights under 2023 Stock Option Plan	–	–	–	–	–	43	
Total		–	–	–	–	–	734

## 3. Dividends

### (1) Dividends paid

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 27, 2024	Common stock	5,608	45	March 31, 2024	June 28, 2024
Board of Directors meeting held on November 7, 2024	Common stock	5,612	45	September 30, 2024	December 2, 2024

- (2) Dividends for which record date is in the current fiscal year with effective date in the following fiscal year  
The company proposed the following matter regarding the dividend on common stock as a proposal (matter to be resolved) for the Ordinary General Meeting of Shareholders held on June 27, 2025.

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 27, 2025	Common stock	5,612	Retained earnings	45	March 31, 2025	June 30, 2025

### Notes - Consolidated statements of cash flows

\* Reconciliation between cash and cash equivalents at end of period and the amount on the consolidated balance sheets

	(Millions of yen)	
	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)
Cash and deposits	102,783	78,166
Time deposits with a deposit period of over 3 months	(7,843)	(10,622)
Cash and cash equivalents	94,940	67,543

### Notes - Leases

#### 1. Finance lease transactions

Finance lease transactions that do not transfer ownership

##### i) Details of leased assets

Property, plant and equipment

Principally production facilities (machinery, equipment and vehicles)

##### ii) Method of depreciation of leased assets

The method of depreciation of leased assets is as described in “(4) Accounting policies ii) Accounting method for depreciation of significant assets,” in the section of significant accounting policies for preparation of consolidated financial statements.

#### 2. Right-of-use assets

##### i) Details of right-of-use assets

Property, plant and equipment

Principally plants and offices (land, buildings and structures)

##### ii) Method of depreciation of leased assets

The method of depreciation of leased assets is as described in “(4) Accounting policies ii) Accounting method for depreciation of significant assets,” in the section of significant accounting policies for preparation of consolidated financial statements.

#### 3. Operating lease transactions

Future minimum lease payments under non-cancelable operating lease transactions

Notes on this item have been omitted as it is immaterial.

### Notes - Financial instruments

#### 1. Status of financial instruments

##### (1) Policy for financial instruments

The Group, which mainly produces and markets electronic components, procures short-term operating funds through bank loans, and long-term funds for capital investment, etc. through bank loans and issuance of corporate bonds in accordance with a capital investment plan. Temporary surplus funds are managed as safe and secure financial funds such as short-term deposits. The Group uses derivative transactions to hedge the risks stated below, and does not intend to use them for speculative purpose.

##### (2) Description of financial instruments and associated risks, and risk management structure

Trade receivables are exposed to customer credit risk. Therefore, the Group manages due dates and balances for each customer, and makes efforts to early recognize concerns about collectibility and reduces its risks due to deterioration in financial conditions, etc.

Investment securities consisting mainly of shares of companies with which the Group has business relationship are managed by reviewing market values and financial conditions of issuers on a regular basis.

Payment due dates of most trade payables are within one year.

The Group uses bank borrowings and convertible-bond-type bonds with share acquisition rights mainly for the purpose of procuring funds necessary for capital investment. Bank borrowings are not exposed to interest rate fluctuation risk as their interest rates are fixed.

Operating receivables and payables denominated in foreign currencies, arising from global business operations, are exposed to exchange rate fluctuation risk, but the risk is hedged by using forward foreign exchange contracts. Forward exchange contracts are used for operating receivables and payables, which are certain to arise from export and import transactions. The Group engages in derivative transactions only with high-rated financial institutions.

The finance department executes and manages derivative transactions in accordance with the internal risk management regulations that stipulate trading authority, the limit amount and other related matters. The department also records details of transactions and check balances with counterparties. The results of transactions are reported by the head of the finance department to the officer in charge.

The Company unifies the management of funds of the entire Group based on funding plans prepared by each group company in order to allow them to secure adequate liquidity.

(3) Supplemental information on fair value of financial instruments

As the fair value of financial instruments is calculated by incorporating variable factors, it can vary depending on assumptions adopted.

2. Fair value of financial instruments

Carrying amounts in the consolidated balance sheets, fair value, and the difference between them are as shown below.

As of March 31, 2024

(Millions of yen)

	Carrying amounts	Fair value	Difference
Investment securities			
Other securities (available-for-sale securities) (*2)	1,321	1,321	–
Total assets	1,321	1,321	–
Convertible-bond-type bonds with share acquisition rights	51,170	54,200	3,029
Long-term borrowings (*3)	93,475	75,546	(17,928)
Total liabilities	144,645	129,746	(14,898)
Derivative transactions (*4)	(517)	(517)	–

(\*1) Since “Cash and deposits,” “Notes and accounts receivable - trade,” “Notes and accounts payable - trade,” “Short-term borrowings” and “Accounts payable - other” are settled in short term, their fair values are approximate to book values. Accordingly, information on them has been omitted.

(\*2) Shares, etc. with no market price are not included in “Investment securities.” The carrying amounts of these financial instruments are shares of associates of ¥20 million and unlisted equity securities of ¥0 million.

(\*3) The amounts include current portion of long-term borrowings.

(\*4) Receivables and payables arising from derivative transactions are shown on the net basis.

As of March 31, 2025

(Millions of yen)

	Carrying amounts	Fair value	Difference
Investment securities			
Other securities (available-for-sale securities) (*2)	–	–	–
Total assets	–	–	–
Convertible-bond-type bonds with share acquisition rights	50,991	49,125	(1,866)
Long-term borrowings (*3)	109,209	95,469	(13,740)
Total liabilities	160,201	144,594	(15,607)
Derivative transactions (*4)	292	292	–

- (\*1) Since “Cash and deposits,” “Notes and accounts receivable - trade,” “Notes and accounts payable - trade,” “Short-term borrowings” and “Accounts payable - other” are settled in short term, their fair values are approximate to book values. Accordingly, information on them has been omitted.
- (\*2) Shares, etc. with no market price are not included in “Investment securities.” The carrying amounts of these financial instruments are shares of associates of ¥20 million and unlisted equity securities of ¥0 million.
- (\*3) The amounts include current portion of long-term borrowings.
- (\*4) Receivables and payables arising from derivative transactions are shown on the net basis.

(Notes) 1. Redemption schedule for monetary receivables and securities with maturity after the consolidated balance sheet dates  
As of March 31, 2024

(Millions of yen)		
	Within one year	Over one year within five years
Cash and deposits	102,783	–
Notes and accounts receivable - trade	81,199	–
Total	183,982	–

As of March 31, 2025

(Millions of yen)		
	Within one year	Over one year within five years
Cash and deposits	78,166	–
Notes and accounts receivable - trade	80,549	–
Total	158,715	–

2. Repayment schedule for short-term borrowings, convertible-bond-type bonds with share acquisition rights and long-term borrowings after the consolidated balance sheet dates  
As of March 31, 2024

(Millions of yen)						
	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years
Short-term borrowings	4,200	–	–	–	–	–
Convertible-bond-type bonds with share acquisition rights	–	–	–	–	–	50,000
Long-term borrowings	9,255	15,505	11,004	28,003	10,202	19,503
Total	13,455	15,505	11,004	28,003	10,202	69,503

As of March 31, 2025

(Millions of yen)						
	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years
Short-term borrowings	4,200	–	–	–	–	–
Convertible-bond-type bonds with share acquisition rights	–	–	–	–	–	50,000
Long-term borrowings	15,502	24,002	25,201	19,501	25,000	1
Total	19,702	24,002	25,201	19,501	25,000	50,001

3. Fair value information of financial instruments by level of inputs

Based on the observability and the significance of the inputs used to determine fair values, fair value information of financial instruments is presented by categorizing measurements into the following three levels:

Level 1 fair value: the fair value measured by quoted prices of identical assets or liabilities in active markets.

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

Level 3 fair value: fair values measured using unobservable inputs.

When multiple inputs of different categories are used in measuring fair value, the Company and its subsidiaries classified fair values into a category to which the lowest priority is assigned.

(1) Financial instruments measured at fair values in the consolidated balance sheets

As of March 31, 2024

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities (available-for-sale securities)	1,321	–	–	1,321
Derivative transactions				
Currency derivatives	–	76	–	76
Total assets	1,321	76	–	1,398
Derivative transactions				
Currency derivatives	–	594	–	594
Total liabilities	–	594	–	594

As of March 31, 2025

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities (available-for-sale securities)	–	–	–	–
Derivative transactions				
Currency derivatives	–	315	–	315
Total assets	–	315	–	315
Derivative transactions				
Currency derivatives	–	23	–	23
Total liabilities	–	23	–	23

(2) Financial instruments other than those measured at fair values in the consolidated balance sheets

As of March 31, 2024

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Convertible-bond-type bonds with share acquisition rights	–	54,200	–	54,200
Long-term borrowings	–	75,546	–	75,546
Total liabilities	–	129,746	–	129,746

As of March 31, 2025

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Convertible-bond-type bonds with share acquisition rights	–	49,125	–	49,125
Long-term borrowings	–	95,469	–	95,469
Total liabilities	–	144,594	–	144,594

(Note) Valuation techniques and inputs used in measuring fair values

Investment securities

Listed shares are assessed using quoted prices. Because listed shares are traded in active markets, their fair values are classified as Level 1 fair value.

Derivative transactions

The fair values of interest rate swaps and forward foreign exchange contracts are measured by the discounted cash flow method using observable inputs such as interest rates and foreign currency exchange rates, and classified as Level 2 fair value.

Convertible-bond-type bonds with share acquisition rights

The fair values of convertible-bond-type bonds with share acquisition rights are determined based on market price. Since convertible-bond-type bonds with share acquisition rights are not traded in active markets, their fair values are classified as Level 2 fair value.

Long-term borrowings

The fair values of long-term borrowings are measured as present values obtained by discounting total amount of principal and interest at the estimated interest rate if similar borrowings were newly made, and classified as Level 2 fair value.

## Notes - Securities

### 1. Other securities (available-for-sale securities)

As of March 31, 2024

(Millions of yen)				
	Type	Carrying amounts	Acquisition cost	Difference
Items whose carrying amount in the consolidated balance sheet exceeds acquisition cost	(1) Shares	1,321	843	478
	(2) Bonds			
	i) Government bonds, local government bonds, etc.	–	–	–
	ii) Corporate bonds	–	–	–
	iii) Other	–	–	–
	(3) Other	–	–	–
	Subtotal	1,321	843	478
Items whose carrying amount in the consolidated balance sheet does not exceed acquisition cost	(1) Shares	–	–	–
	(2) Bonds			
	i) Government bonds, local government bonds, etc.	–	–	–
	ii) Corporate bonds	–	–	–
	iii) Other	–	–	–
	(3) Other	–	–	–
	Subtotal	–	–	–
Total		1,321	843	478

As of March 31, 2025

(Millions of yen)

	Type	Carrying amounts	Acquisition cost	Difference
Items whose carrying amount in the consolidated balance sheet exceeds acquisition cost	(1) Shares	–	–	–
	(2) Bonds			
	i) Government bonds, local government bonds, etc.	–	–	–
	ii) Corporate bonds	–	–	–
	iii) Other	–	–	–
	(3) Other	–	–	–
	Subtotal	–	–	–
Items whose carrying amount in the consolidated balance sheet does not exceed acquisition cost	(1) Shares	–	–	–
	(2) Bonds			
	i) Government bonds, local government bonds, etc.	–	–	–
	ii) Corporate bonds	–	–	–
	iii) Other	–	–	–
	(3) Other	–	–	–
	Subtotal	–	–	–
Total		–	–	–

2. Other securities (available-for-sale securities) sold

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

Type	Sales amount	Total gain on sales	Total loss on sales
(1) Shares	191	177	–
(2) Bonds			
i) Government bonds, local government bonds, etc.	–	–	–
ii) Corporate bonds	–	–	–
iii) Other	–	–	–
(3) Other	–	–	–
	191	177	–

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

Type	Sales amount	Total gain on sales	Total loss on sales
(1) Shares	1,344	504	–
(2) Bonds			
i) Government bonds, local government bonds, etc.	–	–	–
ii) Corporate bonds	–	–	–
iii) Other	–	–	–
(3) Other	–	–	–
	1,344	504	–

3. Impaired securities

Not applicable

## Notes - Derivatives

### 1. Derivatives to which hedge accounting is not applied

#### Currency derivatives

As of March 31, 2024

(Millions of yen)

Category	Type of transactions	Contract amount, etc.	Of the contract amount, etc., over one year	Fair value	Loss (gain) on valuation
Transactions other than market transactions	Forward foreign exchange contract Sell US dollars	17,340	–	(514)	(514)
	Buy US dollars	2,367	–	43	43

As of March 31, 2025

(Millions of yen)

Category	Type of transactions	Contract amount, etc.	Of the contract amount, etc., over one year	Fair value	Loss (gain) on valuation
Transactions other than market transactions	Forward foreign exchange contract Sell US dollars	19,654	–	336	336
	Buy US dollars	2,715	–	(31)	(31)

### 2. Derivatives to which hedge accounting is applied

#### Currency derivatives

As of March 31, 2024

(Millions of yen)

Accounting policy for hedging	Type of transactions	Major hedged items	Contract amount, etc.	Of the contract amount, etc., over one year	Fair value
Deferral hedge method	Forward foreign exchange contract Sell US dollars	Forecast transaction	5,730	–	(79)
	Buy US dollars	Forecast transaction	2,816	–	32

As of March 31, 2025

(Millions of yen)

Accounting policy for hedging	Type of transactions	Major hedged items	Contract amount, etc.	Of the contract amount, etc., over one year	Fair value
Deferral hedge method	Forward foreign exchange contract Sell US dollars	Forecast transaction	5,447	–	(20)
	Buy US dollars	Forecast transaction	2,370	–	7

## Notes - Retirement benefits

### 1. Outline of retirement benefit plans adopted

The Company and its domestic consolidated subsidiaries have mainly adopted defined contribution pension plans and prepaid retirement plans.

Certain consolidated subsidiaries have adopted defined benefit plans (lump-sum retirement benefit plans).

As overseas consolidated subsidiaries apply IFRS, they account for retirement benefits in accordance with IAS 19 “Employee Benefits.”

### 2. Defined benefit plan

#### (1) Reconciliations between the opening and closing balances of retirement benefit obligations

	(Millions of yen)	
	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)
Opening balance of retirement benefit obligations	7,632	9,199
Service cost	883	923
Interest cost	298	309
Actuarial gains and losses incurred	231	113
Retirement benefits paid	(447)	(324)
Other	601	(694)
Closing balance of retirement benefit obligations	9,199	9,526

#### (2) Reconciliations between the opening and closing balances of plan assets

	(Millions of yen)	
	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)
Opening balance of plan assets	2,037	2,281
Interest income	113	110
Actuarial gains and losses incurred	(21)	(56)
Amount of employer contribution	201	276
Retirement benefits paid	(195)	(156)
Other	146	(132)
Closing balance of plan assets	2,281	2,323

#### (3) Reconciliations between the closing balances of retirement benefit obligations and plan assets, and retirement benefit liability and retirement benefit asset recorded in the consolidated balance sheets

	(Millions of yen)	
	As of March 31, 2024	As of March 31, 2025
Retirement benefit obligations from funded plans	3,060	3,178
Plan assets	(2,281)	(2,323)
	778	854
Retirement benefit obligations from non-funded plans	6,138	6,348
Net amount of liability and asset recorded in the consolidated balance sheets	6,917	7,202
Net defined benefit liability	6,994	7,229
Net defined benefit asset	(77)	(26)
Net amount of liability and asset recorded in the consolidated balance sheets	6,917	7,202

(4) Amounts of retirement benefit expenses and their components

	(Millions of yen)	
	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)
Service cost	883	923
Net interest	185	198
Amortization of actuarial gains and losses	98	87
Amortization of past service cost	–	20
Retirement benefit expenses for defined benefit plan	1,167	1,229

Note: In accordance with the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements” (ASBJ PITF No. 18, February 19, 2010), the total amounts of actuarial gains and losses are systematically expensed each year over a certain number of years within the employees’ average remaining years of service.

(5) Remeasurements of defined benefit plans, net of tax

The breakdowns of remeasurements of defined benefit plans, net of tax (before deduction of income taxes and tax effects) are as follows:

	(Millions of yen)	
	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)
Actuarial gains and losses	(153)	(98)
Total	(153)	(98)

(6) Remeasurements of defined benefit plans

The breakdowns of remeasurements of defined benefit plans (before deduction of income taxes and tax effects) are as follows:

	(Millions of yen)	
	As of March 31, 2024	As of March 31, 2025
Unrecognized past service cost	(2)	(2)
Unrecognized actuarial gains and losses	(255)	(354)
Total	(258)	(356)

(7) Plan assets

i) Major components of plan assets

The ratio of major categories to total plan assets is as follows:

	(%)	
	As of March 31, 2024	As of March 31, 2025
Bonds	65	70
Shares	16	14
Cash and deposits	5	4
Other	14	12
Total	100	100

Note: The retirement benefit trust, which was set up for the lump-sum retirement benefit plan, accounts for 83% and 84% of total plan assets as of March 31, 2024 and 2025, respectively.

ii) Long-term expected rate of return

The long-term expected rate of return is not specified as IAS 19 is applied.

## (8) Basis for actuarial calculations

	(%)	
	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)
Discount rate	0.28 - 6.23	0.28 - 6.32
Forecasted rate of salary increase	1.30 - 5.00	1.32 - 5.00

## 3. Defined contribution plan

The required contribution amounts to the defined contribution plan of the Company and its consolidated subsidiaries were ¥1,498 million and ¥1,521 million for the fiscal years ended March 2024 and 2025, respectively.

**Notes - Stock options, etc.**

## 1. Expenses and account titles for stock options

	(Millions of yen)	
	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)
Selling, general and administrative expenses	63	13

## 2. Details, size and changes in the number of stock options

## (1) Details of stock options

Company name	Reporting company
Resolution date	June 28, 2007
Category and number of people to whom stock options are granted	8 Directors of the Company
Class and number of shares granted	Common stock: 32,000 shares
Grant date	July 13, 2007
Vesting conditions	No vesting conditions attached
Target service period	From July 1, 2006 to March 31, 2007
Exercise period	From July 14, 2007 to July 13, 2027

Company name	Reporting company
Resolution date	June 28, 2007
Category and number of people to whom stock options are granted	8 Directors of the Company
Class and number of shares granted	Common stock: 46,000 shares
Grant date	July 13, 2007
Vesting conditions	No vesting conditions attached
Target service period	From April 1, 2007 to March 31, 2008
Exercise period	From July 14, 2007 to July 13, 2027

Company name	Reporting company
Resolution date	June 27, 2008
Category and number of people to whom stock options are granted	8 Directors of the Company
Class and number of shares granted	Common stock: 46,000 shares
Grant date	July 14, 2008
Vesting conditions	No vesting conditions attached
Target service period	From April 1, 2008 to March 31, 2009
Exercise period	From July 15, 2008 to July 14, 2028

Company name	Reporting company
Resolution date	May 25, 2009
Category and number of people to whom stock options are granted	8 Directors of the Company
Class and number of shares granted	Common stock: 37,000 shares
Grant date	June 9, 2009
Vesting conditions	No vesting conditions attached
Target service period	From April 1, 2009 to March 31, 2010
Exercise period	From June 10, 2009 to June 9, 2029

Company name	Reporting company
Resolution date	June 29, 2010
Category and number of people to whom stock options are granted	7 Directors of the Company
Class and number of shares granted	Common stock: 39,000 shares
Grant date	July 21, 2010
Vesting conditions	No vesting conditions attached
Target service period	From April 1, 2010 to March 31, 2011
Exercise period	From July 22, 2010 to July 21, 2030

Company name	Reporting company
Resolution date	June 29, 2011
Category and number of people to whom stock options are granted	8 Directors of the Company
Class and number of shares granted	Common stock: 44,000 shares
Grant date	July 14, 2011
Vesting conditions	No vesting conditions attached
Target service period	From April 1, 2011 to March 31, 2012
Exercise period	From July 14, 2011 to July 13, 2031

Company name	Reporting company
Resolution date	April 25, 2012
Category and number of people to whom stock options are granted	8 Directors of the Company
Class and number of shares granted	Common stock: 38,000 shares
Grant date	May 11, 2012
Vesting conditions	No vesting conditions attached
Target service period	From April 1, 2012 to March 31, 2013
Exercise period	From May 11, 2012 to May 10, 2032

Company name	Reporting company
Resolution date	May 24, 2013
Category and number of people to whom stock options are granted	6 Directors of the Company
Class and number of shares granted	Common stock: 10,000 shares
Grant date	June 10, 2013
Vesting conditions	No vesting conditions attached
Target service period	From April 1, 2013 to June 27, 2013
Exercise period	From June 10, 2013 to June 9, 2033

Company name	Reporting company
Resolution date	June 27, 2013
Category and number of people to whom stock options are granted	6 Directors of the Company
Class and number of shares granted	Common stock: 31,000 shares
Grant date	July 12, 2013
Vesting conditions	No vesting conditions attached
Target service period	From June 27, 2013 to June 27, 2014
Exercise period	From July 12, 2013 to July 11, 2033

Company name	Reporting company
Resolution date	June 27, 2014
Category and number of people to whom stock options are granted	6 Directors of the Company 11 Operating Officers of the Company
Class and number of shares granted	Common stock: 55,000 shares
Grant date	July 14, 2014
Vesting conditions	No vesting conditions attached
Target service period	From June 27, 2014 to June 26, 2015
Exercise period	From July 14, 2014 to July 13, 2034

Company name	Reporting company
Resolution date	June 26, 2015
Category and number of people to whom stock options are granted	6 Directors of the Company 12 Operating Officers of the Company
Class and number of shares granted	Common stock: 62,000 shares
Grant date	July 13, 2015
Vesting conditions	No vesting conditions attached
Target service period	From June 26, 2015 to June 29, 2016
Exercise period	From July 13, 2015 to July 12, 2035

Company name	Reporting company
Resolution date	November 5, 2015
Category and number of people to whom stock options are granted	1 Director of the Company 1 Operating Officer of the Company
Class and number of shares granted	Common stock: 2,000 shares
Grant date	November 20, 2015
Vesting conditions	No vesting conditions attached
Target service period	From November 1, 2015 to June 29, 2016
Exercise period	From November 20, 2015 to November 19, 2035

Company name	Reporting company
Resolution date	June 29, 2016
Category and number of people to whom stock options are granted	5 Directors of the Company 13 Operating Officers of the Company
Class and number of shares granted	Common stock: 64,000 shares
Grant date	July 15, 2016
Vesting conditions	No vesting conditions attached
Target service period	From June 29, 2016 to June 29, 2017
Exercise period	From July 15, 2016 to July 14, 2036

Company name	Reporting company
Resolution date	June 29, 2017
Category and number of people to whom stock options are granted	5 Directors of the Company 12 Operating Officers of the Company
Class and number of shares granted	Common stock: 61,000 shares
Grant date	July 18, 2017
Vesting conditions	No vesting conditions attached
Target service period	From June 29, 2017 to June 28, 2018
Exercise period	From July 18, 2017 to July 17, 2037

Company name	Reporting company
Resolution date	June 28, 2018
Category and number of people to whom stock options are granted	4 Directors of the Company 12 Operating Officers of the Company
Class and number of shares granted	Common stock: 57,000 shares
Grant date	July 18, 2018
Vesting conditions	No vesting conditions attached
Target service period	From June 28, 2018 to June 27, 2019
Exercise period	From July 18, 2018 to July 17, 2038

Company name	Reporting company
Resolution date	June 27, 2019
Category and number of people to whom stock options are granted	5 Directors of the Company 11 Operating Officers of the Company
Class and number of shares granted	Common stock: 59,000 shares
Grant date	July 18, 2019
Vesting conditions	No vesting conditions attached
Target service period	From June 27, 2019 to June 26, 2020
Exercise period	From July 18, 2019 to July 17, 2039

Company name	Reporting company
Resolution date	June 26, 2020
Category and number of people to whom stock options are granted	5 Directors of the Company 10 Operating Officers of the Company
Class and number of shares granted	Common stock: 59,000 shares
Grant date	July 17, 2020
Vesting conditions	No vesting conditions attached
Target service period	From June 26, 2020 to June 29, 2021
Exercise period	From July 17, 2020 to July 16, 2040

Company name	Reporting company
Resolution date	June 29, 2021
Category and number of people to whom stock options are granted	4 Directors of the Company 9 Operating Officers of the Company
Class and number of shares granted	Common stock: 53,000 shares
Grant date	July 19, 2021
Vesting conditions	No vesting conditions attached
Target service period	From June 29, 2021 to June 29, 2022
Exercise period	From July 19, 2021 to July 18, 2041

Company name	Reporting company
Resolution date	June 29, 2022
Category and number of people to whom stock options are granted	4 Directors of the Company 13 Operating Officers of the Company
Class and number of shares granted	Common stock: 59,200 shares
Grant date	July 19, 2022
Vesting conditions	No vesting conditions attached
Target service period	From June 29, 2022 to June 29, 2023
Exercise period	From July 20, 2022 to July 19, 2042

Company name	Reporting company
Resolution date	June 29, 2023
Category and number of people to whom stock options are granted	3 Directors of the Company 14 Operating Officers of the Company
Class and number of shares granted	Common stock: 56,400 shares
Grant date	July 19, 2023
Vesting conditions	No vesting conditions attached
Target service period	From June 29, 2023 to June 27, 2024
Exercise period	From July 20, 2023 to July 19, 2043

(2) Size and changes in the number of stock options

The following describes the number of stock options that existed during the current fiscal year (fiscal year ended March 31, 2025). The number of stock options is translated into the number of shares.

i) Number of stock options

(Shares)

Company name	Reporting company	Reporting company	Reporting company	Reporting company	Reporting company
Resolution date	June 28, 2007	June 28, 2007	June 27, 2008	May 25, 2009	June 29, 2010
Stock options before vesting					
At the end of previous fiscal year	–	–	–	–	–
Granted	–	–	–	–	–
Lapsed	–	–	–	–	–
Vested	–	–	–	–	–
Unvested balance	–	–	–	–	–
Stock options after vesting					
At the end of previous fiscal year	3,000	6,000	6,000	6,000	6,000
Vested	–	–	–	–	–
Exercised	–	–	–	–	–
Lapsed	–	–	–	–	–
Exercisable	3,000	6,000	6,000	6,000	6,000

(Shares)

Company name	Reporting company	Reporting company	Reporting company	Reporting company	Reporting company
Resolution date	June 29, 2011	April 25, 2012	May 24, 2013	June 27, 2013	June 27, 2014
Stock options before vesting					
At the end of previous fiscal year	–	–	–	–	–
Granted	–	–	–	–	–
Lapsed	–	–	–	–	–
Vested	–	–	–	–	–
Unvested balance	–	–	–	–	–
Stock options after vesting					
At the end of previous fiscal year	6,000	5,000	1,000	9,000	19,000
Vested	–	–	–	–	–
Exercised	–	–	–	4,000	6,000
Lapsed	–	–	–	–	–
Exercisable	6,000	5,000	1,000	5,000	13,000

(Shares)

Company name	Reporting company	Reporting company	Reporting company	Reporting company	Reporting company
Resolution date	June 26, 2015	November 5, 2015	June 29, 2016	June 29, 2017	June 28, 2018
Stock options before vesting					
At the end of previous fiscal year	–	–	–	–	–
Granted	–	–	–	–	–
Lapsed	–	–	–	–	–
Vested	–	–	–	–	–
Unvested balance	–	–	–	–	–
Stock options after vesting					
At the end of previous fiscal year	29,000	1,000	36,000	35,000	39,000
Vested	–	–	–	–	–
Exercised	10,000	–	10,000	9,000	10,000
Lapsed	–	–	–	–	–
Exercisable	19,000	1,000	26,000	26,000	29,000

(Shares)

Company name	Reporting company	Reporting company	Reporting company	Reporting company	Reporting company
Resolution date	June 27, 2019	June 26, 2020	June 29, 2021	June 29, 2022	June 29, 2023
Stock options before vesting					
At the end of previous fiscal year	–	–	–	–	–
Granted	–	–	–	–	–
Lapsed	–	–	–	–	–
Vested	–	–	–	–	–
Unvested balance	–	–	–	–	–
Stock options after vesting					
At the end of previous fiscal year	43,000	45,000	49,000	18,200	56,400
Vested	–	–	–	–	–
Exercised	10,000	12,000	13,000	3,900	3,000
Lapsed	–	–	–	–	42,600
Exercisable	33,000	33,000	36,000	14,300	10,800

ii) Unit price information

(Yen)

Company name	Reporting company	Reporting company	Reporting company	Reporting company
Resolution date	June 28, 2007	June 28, 2007	June 27, 2008	May 25, 2009
Exercise price	1	1	1	1
Average share price at exercise	–	–	–	–
Fair value unit price on grant date	2,761	2,761	966	947

(Yen)

Company name	Reporting company	Reporting company	Reporting company	Reporting company
Resolution date	June 29, 2010	June 29, 2011	April 25, 2012	May 24, 2013
Exercise price	1	1	1	1
Average share price at exercise	–	–	–	–
Fair value unit price on grant date	1,013	948	739	1,625

(Yen)

Company name	Reporting company	Reporting company	Reporting company	Reporting company
Resolution date	June 27, 2013	June 27, 2014	June 26, 2015	November 5, 2015
Exercise price	1	1	1	1
Average share price at exercise	4,639	4,639	4,639	–
Fair value unit price on grant date	1,476	1,032	1,543	1,914

(Yen)

Company name	Reporting company	Reporting company	Reporting company	Reporting company
Resolution date	June 29, 2016	June 29, 2017	June 28, 2018	June 27, 2019
Exercise price	1	1	1	1
Average share price at exercise	4,639	4,639	4,639	4,639
Fair value unit price on grant date	834	1,762	3,369	1,927

(Yen)

Company name	Reporting company	Reporting company	Reporting company	Reporting company
Resolution date	June 26, 2020	June 29, 2021	June 29, 2022	June 29, 2023
Exercise price	1	1	1	1
Average share price at exercise	4,639	4,639	4,639	4,639
Fair value unit price on grant date	3,277	5,172	4,389	4,042

3. Method of estimating fair value unit price of stock options

No stock options were granted during the current fiscal year.

4. Method of estimating number of stock options vested

The number of stock options vested is equal to the number of stock options granted since the options were vested on the grant date.

## Notes - Tax effect accounting

### 1. Breakdowns of major components of deferred tax assets and liabilities

	(Millions of yen)	
	As of March 31, 2024	As of March 31, 2025
Deferred tax assets		
Inventories	2,025	2,380
Accrued expenses	608	399
Accrued enterprise tax	297	150
Provision for bonuses	1,427	1,117
Investment securities, etc.	50	51
Allowance for doubtful accounts	91	83
Accounting depreciation in excess of tax depreciation	815	706
Lump-sum depreciable assets	230	282
Retirement benefit liability	1,456	1,514
Prepaid retirement benefit	1,012	894
Loss carried forward (Note)	7,879	11,108
Other	3,805	4,126
Deferred tax assets subtotal	19,700	22,816
Valuation allowance for tax losses carried forward (Note)	(5,383)	(8,685)
Valuation allowance for total deductible temporary differences, etc.	(4,046)	(3,893)
Valuation allowance subtotal	(9,430)	(12,578)
Offset against deferred tax liabilities	(6,101)	(6,495)
Deferred tax assets total	4,168	3,742
Deferred tax liabilities		
Inventories	(1,047)	(1,312)
Undistributed profits of overseas subsidiaries	(8,826)	(8,303)
Accelerated depreciation of overseas subsidiaries	(3,104)	(4,073)
Reserve for advanced depreciation of non-current assets	(766)	(788)
Other	(342)	(357)
Offset against deferred tax assets	6,101	6,495
Deferred tax liabilities total	(7,986)	(8,338)
Net deferred tax assets (liabilities)	(3,818)	(4,595)

(Note) Amounts of tax losses carried forward and associated deferred tax assets by expiration period  
As of March 31, 2024

	(Millions of yen)						
	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years	Total
Deferred tax assets relating to tax losses carried forward (*1)	516	407	611	547	644	5,152	7,879
Valuation allowance	(470)	(407)	(611)	(547)	(644)	(2,702)	(5,383)
Deferred tax assets	46	-	-	-	-	2,450	(*2) 2,496

(\*1) The amounts of tax losses carried forward are calculated by multiplying the statutory effective tax rate.

(\*2) Deferred tax assets associated with tax losses carried forward are assessed to be recoverable based on the estimated amount of taxable income in the future.

As of March 31, 2025

(Millions of yen)

	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years	Total
Deferred tax assets relating to tax losses carried forward (*1)	316	808	351	751	160	8,720	11,108
Valuation allowance	(316)	(808)	(351)	(644)	(160)	(6,404)	(8,685)
Deferred tax assets	–	–	–	106	–	2,316	(*2) 2,422

(\*1) The amounts of tax losses carried forward are calculated by multiplying the statutory effective tax rate.

(\*2) Deferred tax assets associated with tax losses carried forward are assessed to be recoverable based on the estimated amount of taxable income in the future.

2. Breakdown of major items of differences between the statutory effective tax rate and the effective income tax rate after applying tax effect accounting

(%)

	As of March 31, 2024	As of March 31, 2025
Statutory effective tax rate	30.5	30.5
Adjustments		
Tax rate differences of the overseas subsidiaries	(16.3)	(19.9)
Undistributed profits of the overseas subsidiaries	12.0	(6.3)
Valuation allowance	(2.1)	44.1
Tax credit for research and development expenses	(3.7)	–
Foreign tax	1.8	17.4
Unrealized profit on inventories	10.3	(4.4)
Expenses not deductible permanently such as entertainment expenses	0.1	4.7
Other	3.8	6.1
Effective income tax rate after applying tax effect accounting	36.4	72.2

3. Accounting for corporate income tax and local corporate income tax, or tax effect accounting in relation thereto

The group tax sharing system is applied for the Company and its domestic consolidated subsidiaries. Accounting and disclosure with respect to corporate income tax and local corporate income tax as well as tax effect accounting in relation thereto are carried out in accordance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ PITF No. 42, August 12, 2021).

4. Amendments to the amounts of deferred tax assets and liabilities due to changes in tax rate of current income taxes

Due to the enactment of the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 13 of 2025) in the Japanese Diet on March 31, 2025, the “Special Corporation Tax for National Defense” will be imposed from the fiscal year beginning on or after April 1, 2026.

Accordingly, deferred tax assets and liabilities related to temporary differences expected to be used in the fiscal year beginning on or after April 1, 2026 are calculated by changing the statutory effective tax rate from 30.5% to 31.4%.

The impact of this change in tax rate is immaterial.

**Notes - Business combinations**

Not applicable

**Notes - Asset retirement obligations**

The total amount of asset retirement obligations is not disclosed as it is immaterial.

## Notes - Real estate for lease, etc.

The total amount of real estate for lease, etc. is not disclosed as it is immaterial.

## Notes - Revenue recognition

### 1. Disaggregations of revenue from contracts with customers

Product classification	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)		Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)	
	Amount (Millions of yen)	Composition ratio (%)	Amount (Millions of yen)	Composition ratio (%)
Capacitors	205,829	63.8	232,066	68.0
Inductors	55,566	17.2	61,546	18.0
Integrated modules & devices	34,934	10.8	22,986	6.7
Others	26,317	8.2	24,838	7.3
Total	322,647	100.0	341,438	100.0

(Note) The Group operates in a single segment of the electronic components business, and the above categories are not reportable segments.

### 2. Basic information for understanding revenue from contracts with customers

Basic information for understanding revenue is as described in “(4) Accounting policies v) Accounting policy for recognition of significant revenues and expenses,” in the section of significant accounting policies for preparation of consolidated financial statements.

### 3. Satisfaction of performance obligations based on contracts with customers and cash flows arising from such contracts, and the amount and timing of revenue from contracts with customers existing at the end of the fiscal year expected to be recognized in the following fiscal year

#### (1) Balances of receivables arising from contracts with customers, contract assets and contract liabilities, etc.

	Fiscal year ended March 31, 2024 (Millions of yen)	Fiscal year ended March 31, 2025 (Millions of yen)
Receivables from contracts with customers (opening balance)	70,372	81,199
Receivables from contracts with customers (closing balance)	81,199	80,549
Contract assets (opening balance)	–	–
Contract assets (closing balance)	–	–
Contract liabilities (opening balance)	15	21
Contract liabilities (closing balance)	21	19

Contract liabilities are mainly consideration received from customers before delivery of products, and are included in other under current liabilities on the consolidated balance sheets.

The amount of revenue recognized during the current fiscal year included in the opening balance of contract liabilities in the current fiscal year is immaterial.

#### (2) Transaction price allocated to remaining performance obligations

The practical expedient is applied and information on transaction price allocated to remaining performance obligations is omitted since the Company and its consolidated subsidiaries do not have any significant contracts with the initially expected contract period exceeding one year, and the period of contracts is mainly less than one year. In addition, there is no significant amount that is not included in transaction price, among consideration arising from contracts with customers.

## Notes - Segment information, etc.

[Segment information]

The segment information is not disclosed as the Group operates in a single segment of the electronic components business.

[Notes - Related information]

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

1. Information for each product or service (Millions of yen)

	Capacitors	Inductors	Integrated modules & devices	Others	Total
Net sales for external customers	205,829	55,566	34,934	26,317	322,647

2. Information for each region

(1) Net sales (Millions of yen)

Japan	North America	Europe	China	Hong Kong	Other countries or regions	Total
26,982	19,106	24,970	117,240	47,086	87,261	322,647

(Note) Net sales are segmented by country or region based on customer location.

(2) Property, plant and equipment (Millions of yen)

Japan	China	Malaysia	Other countries or regions	Total
128,604	54,626	61,155	29,168	273,556

3. Information for each of main customers

The information is not disclosed because none of the external customers singularly account for 10% or more of net sales presented in the consolidated statements of income.

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

1. Information for each product or service (Millions of yen)

	Capacitors	Inductors	Integrated modules & devices	Others	Total
Net sales for external customers	232,066	61,546	22,986	24,838	341,438

2. Information for each region

(1) Net sales (Millions of yen)

Japan	North America	Europe	China	Hong Kong	Other countries or regions	Total
23,915	22,274	26,332	110,009	45,544	113,361	341,438

(Note) Net sales are segmented by country or region based on customer location.

(Change in presentation)

In the previous fiscal year, sales in “North America” and “Europe” were included under “other countries or regions.” However, after reassessing the appropriate units for internal revenue management, these are presented separately from the current fiscal year. To reflect this change in presentation, we have reclassified “2. Information for each region (1) Net sales” for the previous fiscal year.

(2) Property, plant and equipment (Millions of yen)

Japan	China	Malaysia	Other countries or regions	Total
136,053	52,812	64,594	33,376	286,837

3. Information for each of main customers

The information is not disclosed because none of the external customers singularly account for 10% or more of net sales presented in the consolidated statements of income.

[Information about impairment losses on non-current assets for each reportable segment]

Information about impairment losses is not disclosed as the Group has a single segment.

[Information about amortization and unamortized balance of goodwill for each reportable segment]

Information about amortization and unamortized balance of goodwill is not disclosed as the Group has a single segment.

[Information about gains on bargain purchase for each reportable segment]

Not applicable

[Notes - Related party transactions]

Not applicable

### Notes - Per share information

(Yen)

	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)
Net assets per share	2,640.98	2,552.94
Basic earnings per share	66.75	18.67
Diluted earnings per share	63.49	16.13

(Notes) 1. The basis for calculation of net assets per share is as follows:

	As of March 31, 2024	As of March 31, 2025
Total net assets (Millions of yen)	330,098	319,171
Amounts deducted from total net assets (Millions of yen)	961	734
[Of the above, share acquisition rights (Millions of yen)]	[961]	[734]
[Of the above, non-controlling interests (Millions of yen)]	[-]	[-]
Net assets related to common stock (Millions of yen)	329,137	318,436
Number of common stock used to calculate net assets per share (Thousand shares)	124,627	124,733

2. The basis for calculations of basic earnings per share and diluted earnings per share is as follows:

	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)
Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	8,317	2,328
Amounts not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent related to common stock (Millions of yen)	8,317	2,328
Average number of outstanding common stock during period (Thousand shares)	124,621	124,700
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (Millions of yen)	(55)	(124)
[Of the above, interest on bonds (net of tax) (Millions of yen)]	[(55)]	[(124)]
Increase in the number of common stock (Thousand shares)	5,523	11,928
[Of the above, convertible-bond-type bonds with share acquisition rights (Thousand shares)]	[5,107]	[11,467]
[Of the above, share acquisition rights (Thousand shares)]	[415]	[461]
Outline of potential shares not included in the calculation of diluted earnings per share because of having no dilutive effect	–	–

**Notes - Significant events after reporting period**

Not applicable

5) Annexed consolidated detailed schedules

[Annexed consolidated detailed schedule of corporate bonds]

Company name	Description	Date of issuance	Balance at the beginning of current period (Millions of yen)	Balance at the end of current period (Millions of yen)	Interest rate (%)	Collateral	Maturity
The Company	Euro Yen zero coupon convertible bonds due 2030 (Note)	October 20, 2023	51,170	50,991	–	–	October 18, 2030
Total	–	–	51,170	50,991	–	–	–

(Note) Details related to bonds with share acquisition rights are as follows.

Description	Euro Yen zero coupon convertible bonds due 2030
Type of shares to be issued	Common stock
Issue price of share acquisition rights (Yen)	Gratis
Issue price of shares (Yen)	4,360
Total issue price (Millions of yen)	51,250
Total issue price of shares issued upon exercise of share acquisition rights (Millions of yen)	–
Percentage of share acquisition rights granted (%)	100.0
Exercisable period for the share acquisition rights	From November 6, 2023 to October 4, 2030

[Annexed consolidated detailed schedule of borrowings]

Category	Balance at the beginning of current period (Millions of yen)	Balance at the end of current period (Millions of yen)	Average interest rate (%)	Repayment term
Short-term borrowings	4,200	4,200	0.87	–
Current portion of long-term borrowings	9,255	15,502	0.37	–
Current portion of lease liabilities	1,108	1,279	4.26	–
Long-term borrowings (excluding current portion)	84,219	93,707	0.60	From April 2026 to March 2033
Lease liabilities (excluding current portion)	5,139	5,322	4.26	From April 2026 to October 2043
Other interest-bearing liabilities	–	–	–	–
Total	103,923	120,011	–	–

(Notes) 1. The average interest rate represents the weighted-average rate applicable to the balance of borrowings at the end of the current period.

2. The average interest rate for the lease liabilities presented above is based on the standard method of calculation and does not reflect interest rates for lease liabilities recorded on the consolidated balance sheets at the amount before deducting the amount equivalent to interest expenses included in the total lease payments.

3. The repayment schedule for long-term borrowings (excluding current portion) and lease liabilities (excluding current portion) for five years subsequent to March 31, 2025 is as follows:

(Millions of yen)

Category	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years
Long-term borrowings	24,002	25,201	19,501	25,000
Lease liabilities	1,103	841	705	600

[Annexed consolidated detailed schedule of asset retirement obligations]

As the amounts of asset retirement obligations at the beginning and the end of the current fiscal year are not more than 1% of the total amount of liabilities and net assets as of the same dates, annexed consolidated detailed schedule of asset retirement obligations is not disclosed pursuant to the provisions of Article 92-2 of the Regulation on Consolidated Financial Statements.

(2) Other information (unaudited)

Semi-annual information for the current fiscal year

	Six months ended September 30, 2024	Fiscal year ended March 31, 2025
Net sales (Millions of yen)	167,856	341,438
Profit before income taxes (Millions of yen)	5,265	8,365
Profit attributable to owners of parent (Millions of yen)	3,567	2,328
Basic earnings per share (Yen)	28.61	18.67