In accordance with Regulation 32 of the Overseas Companies Regulations 2009.

000741/20.

DON'T STAPLE

OS AA01

Statement of details of parent law and other information for an overseas company

Companies House

✓ What this form is for
You may use this form to accompany your accounts disclosed under parent law.

✗ What this form is NOT f
You cannot use this form t an alteration of manner o with accounting requireme

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Part 1 Corporate company name

→ Filling in this form
Please complete in typescript or in bold black capitals.

All fields are mandatory unless specified or indicated by *

Corporate name of overseas company ❶	IBIDEN EUROPE BV
UK establishment number	B R 0 1 6 0 3 7

❶ This is the name of the company in its home state.

Part 2 Statement of details of parent law and other information for an overseas company

A1 Legislation

Please give the legislation under which the accounts have been prepared and audited.

Legislation ❷	DUTCH COMMERCIAL CODE

❷ This means the relevant rules or legislation which regulates the preparation of accounts.

A2 Accounting principles

Accounts

Have the accounts been prepared in accordance with a set of generally accepted accounting principles?

Please tick the appropriate box.

☐ No. Go to **Section A3.**

☑ Yes. Please enter the name of the organisation or other body which issued those principles below, and then go to **Section A3.**

Name of organisation or body ❸	DUTCH ACCOUNTING STANDARD BOARD

❸ Please insert the name of the appropriate accounting organisation or body.

A3 Audited accounts

Audited accounts	Have the accounts been audited in accordance with a set of generally accepted auditing standards? Please tick the appropriate box. ☐ **No.** Go to **Part 3 'Signature'**. ☑ **Yes.** Please enter the name of the organisation or other body which issued those standards below, and then go to **Part 3 'Signature'**.	❶ Please insert the name of the appropriate accounting organisation or body.
Name of organisation or body ❶	DUTCH COUNSEL FOR ANNUAL REPORTING	

Part 3 Signature

	I am signing this form on behalf of the overseas company.
Signature	Signature X X
	This form may be signed by: Director, Secretary, Permanent representative.

OS AA01

Statement of details of parent law and other information for an overseas company

Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	JUN YOKOE
Company name	IBIDEN EUROPE B.V.
Address	POLARISAVENUE 85f
Post town	HOOFDDORP
County/Region	
Postcode	2 1 3 2 J H
Country	THE NETHERLANDS
DX	
Telephone	+ 31 6 5134 3541

Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register.
- ☐ You have completed all sections of the form, if appropriate.
- ☐ You have signed the form.

Important information

Please note that all this information will appear on the public record.

Where to send

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Annual Report 2020/2021

IBIDEN Europe B.V.

Hoofddorp

Contents

Management board report

IBIDEN Europe B.V. is a private company organized and existing under the laws of the Netherlands, having its registered office at Polarisavenue 85F, 2132 JH Hoofddorp, The Netherlands.

The board of directors of IBIDEN Europe B.V. (hereafter 'the Company') hereby submits its annual financial report for the year ended 31 March 2021. The ultimate parent company is IBIDEN Co., Ltd, Japan, which holds 100% shares in the Company. The ultimate parent, the Company and all affiliated companies are referred to as the 'Group'.

1.1 Overview of activities

The activities of the Company mainly concern procurement and distribution of automotive parts, diesel particulate filters (DPF) and alumina fibre mats (MAT), and fine graphite material (FGM), manufactured by the parent company and manufacturing entities in the Group. The Company is also involved in procurement and distribution of raw material to its manufacturing subsidiaries.

The Company maintains four sales offices. It owns majority shares in four manufacturing entities. The sales offices are located in Stuttgart, London, Paris and Turin whereby Stuttgart and Paris are the largest branches.

Sales are mostly made within the European Union. Two out of the four sales offices primarily sell automotive parts and one of the two offices focuses on FGM sales and sales of machinery parts to affiliated company IBIDEN Hungary Kft. as well. The Company's office in Hoofddorp handles automotive parts (DPF and MAT), FGM sales and sales of machinery parts to affiliated company IBIDEN Hungary Kft. The main customers of the Company are first and second tier suppliers for passenger cars and heavy duty trucks original equipment manufacturers.

The subsidiary IBIDEN Hungary Kft. (IHU) produces automotive parts. IBIDEN DPF France S.A.S. (IDFS) ceased its operational activities at the end of the fiscal year 2018/2019. IBIDEN Ceram GmbH (ICG) produces selective catalytic reduction (SCR). Ceram Liegenschaftsverwaltungs GmbH (CLV) is co-owner of the land and properties on which ICG has its business. LG Graphite S.r.l (LG) was acquired in the current financial year. LG produces fine graphite material (FGM).

1.2 Main risks and uncertainties

1. The Company maintains an internal committee, the Risk Management Committee (hereinafter referred to as the RMC), headed by the Managing Director and participated by branch managers. The RMC is responsible for conducting the risk management over the Company. Biweekly it identifies and reviews various risks, evaluate their importance, discuss about and implement appropriate measures independently within the Company and/or in coordination with the group companies in the group as appropriate, and report to the ultimate parent. Group policy is to avoid risks as much as possible e.g. the risk appetite for all below mentioned risks is low.

2. Most significant risks and the risk reduction measures taken

(1) *Macro economic situation*
The Company's most important business is the distribution, mainly in Europe, of automotive parts manufactured by group companies including the ultimate parent. The increase in demand for cars with recently developed and future power trains other than diesel, i.e., hybrid and electronic, may affect the Company. To counter this, IBIDEN Co., Ltd has formed an alliance with global automotive supplier DENSO Corporation to jointly develop the next-generation vehicle exhaust system.

Covid-19 has had a large impact throughout the world, but our business had largely remained intact in FY 2020. We have seen some effects of Covid-19 from April 2020 onwards, but only on a limited scale.
In spite of the weak influence of the virus to our business, we foresee that IEU sales may continue to drop due to the overall sluggish sales of passenger cars, which is the result of the short-term decrease of car sales due to the virus, and of the more permanent customer preference towards non-diesel vehicles. In order to keep up the competitiveness, IEU is now shifting its resources towards DPF Heavy Duty, AFP (Alumina Fibre Product) and FGM businesses.

(2) Environmental regulations
The environmental regulations and scrutiny in respect of vehicle emission in Europe may result in the demand decrease for our automotive parts. The Company is trying to diversify.

(3) R&D capability of the group companies
The group companies have constantly allocated resources and, to date, succeeded in developing new technologies and products that meet tougher environmental requirements.

(4) Price competition
Automotive parts that the Company distributes are in constant price competition. The group companies including the ultimate parent focus on developing new technologies and products with added value to customers to improve manufacturing process and to reduce costs of external procurements.

(5) Quality control capacity of group companies
The group companies have constantly made organizational efforts in quality control and production capacity expansion. The manufacturing plants of the group companies are spread in 3 countries, being Hungary, Japan and Mexico.

(6) Production capacity of group companies
In addition to new products that meet ever stringent environmental regulations, the Company depends entirely on the capacity of the group companies to constantly produce automotive parts, sufficient in quantity to satisfy customers' demand and with quality above certain specifications pre-agreed with customers. Non-performance can adversely affect customers' confidence in the Company and the group companies and business relationship. The Company performs its best in following customer demand forecast and technological requirements and communicating such information to the group companies.

(7) Foreign exchange risks

The Company conducts limited business activities in USD (less than 5% of total sales). Therefore the Company builds USD denominated bank deposit assets to square its USD/EUR positions and minimizes possible negative impact on its financial performance. Accordingly the Company is rarely exposed to material foreign exchange rate fluctuation.

(8) Interest rate risk

The Company acts as an intra-group financier for its 3 group companies in Europe, through the pooling program and bilateral loan facilities. One of the intra-group placements is a long-term contract, all other placements/borrowings are short-term and variable interest rate contracts that adopt short-term bench-mark such as 3-month Euribor. Accordingly the Company is rarely exposed to material interest rate fluctuation.

(9) Impairment in asset value

As per 31 March 2021 the Company holds equity investments in 5 group companies for which the carrying amount amounts to EUR 72,694,198, (31 March 2020: EUR 66,944,197). On 4th of November 2020 the Company acquired 80% of the shares and an option to acquire the remaining 20% of the shares of LG Graphite S.r.l. for the development of Ibiden group's graphite business. The agreed consideration for the 80% of shares is EUR 4,600,000, and for the option the Company has recorded an obligation of EUR 1.15 million and added this amount also to the carrying amount of the investment. If the financial performance of the subsidiaries deteriorates and eventually the Company judges the recoverable amount is below the book value, the Company suffers from impairment loss. In the past impairments have been recognized relating to IDFS (EUR 39 million) and ICG (EUR 43 million).

(10) Information security

The Company collects, holds, and employs, under its strict control, various technical, trade, individual, and managerial information. For their protection, the Company has implemented and abided by internal rules and trained its employees. Measures to improve cybersecurity have been taken.

(11) Other compliance risks

The Company is constantly monitoring business procedures and processes to make sure no compliance risks may materialize.

3. Risk impact and likelihood of risk occurring

Risk categories and identified risks	Impact of risk materialization	Likelihood of risk materialization
Macro economic situation	Medium	Medium
Environmental regulations	High	Medium
R&D capability of the group companies	High	Low
Price competition	Medium	Medium
Quality control capability of the group compani	High	Low
Production capacity of the group companies	High	Medium
Foreign exchange risk	Low	Medium
Interest rate risk	Low	Medium
Impairment in assets value	High	Medium
Information security	Medium	Low
Other Compliance risks	Medium	Low

4. Risks and uncertainties occurring in the past financial year, and the consequences

No specific risks and uncertainties occurred in the past financial year.

5. Current or planned improvements in the risk management system

The so called Risk Management Committee ('RMC') judges whether the existing risk management methodology meets the requirements of the Company. The RMC intends to improve its activities by implementing comments and recommendations to be given by internal and external auditors and advisors.

1.3 Overview of results

The net turnover decreased by EUR 28 million (9%) to EUR 268 million compared with the previous year, which is a result of decreased sales in DPF mainly because of production difficulties in the Hungarian factory (IHU), main supplier of DPF, and because of a general decline in the DPF business. The gross margin decreased by EUR 4 million and the gross margin percentage decreased from 7.5% to 6.8% compared to previous year mainly as a result of a decreasing DPF business.
In 2020/2021 selling, general and administration expenses (SG&A expenses) decreased by EUR 2.7 million as a result of lower transportation costs and payroll expenses. The Company's net result after taxation ended with EUR 6.2 million profit. In the previous year the Company's result was a profit of EUR 6.5 million.

The Company has sufficient solvency and liquidity.
The solvency ratio (total equity/total assets) as per 31 March 2021 equals 0.71 (31 March 2020: 0.71).
The liquidity ratio (current assets/current liabilities) equals 2.49 (31 March 2020: 2.44).

1.4 Closing IBIDEN DPF France S.A.S. (IDFS)

Because of structural loss making operations combined with production shifting by the customers (Tier 1 suppliers of the automotive industries) to lower costs nations the decision has been taken by the Board of Directors of Ibiden Co., Ltd. to close down IDFS completely. The first wave of staff dismissal has begun in April 2019 and was finalized in April 2020. The last wave of staff dismissal was finalized in January 2021. The site and buildings of IDFS have been sold to a third party in December 2019 for an amount of EUR 0.6 million. The Company is aiming to completely close down IDFS in FY2022. It will prepare for the necessary procedure for the closure. On 25 March 2021 the board of directors of the Company decided to increase the share capital of IDFS with EUR 36.5 million by means of a payment, and IDFS will use the proceeds of the capital increase to fully repay its payables to the Company including payable relating to cash pooling (amount per 31 March 2021: EUR 36.2 million).

1.5 Covid-19

In December 2019, a novel strain of coronavirus leading to a pandemic disease ("COVID-19") in March 2020 was reported. As the epidemic evolved, many countries were affected including countries in the European Union. The outbreak has caused severe disruptions in the European and global economy and financial markets and could potentially continue to create business continuity issues in the foreseeable future for many corporations. Many countries have reacted by instituting travel bans, quarantines and other emergency public safety measures. The outbreak has triggered a period of global economic slowdown, the duration of which is still not clear.

Our business had largely remained intact in FY 2020. We have seen decreasing sales because of Covid-19 in first months of FY2020 but recovery during and after summer period. So far the impact on our sales is relatively limited. Also operational results have remain stable due to target gross margin of 5% agreed with affiliated suppliers. The impact on liquidity and solvency is very limited as the Company has a solid cash balance as well as a solid equity reserve, and also so far there have been no collectability issues with our major customers. Therefore no government support was needed.

See section 1.8 for further update after 31 March 2021.

1.6 Acquisiton of LG Graphite S.r.l.

On 4 November 2020 the Company acquired 80% of the shares of LG Graphite S.r.l., an Italian company, for the further development of Ibiden group's graphite business. The agreed consideration for the 80% of shares is EUR 4,600,000. Also the Company has a(n) (call) option to acquire the remaining 20% for a maximum amount of EUR 1.75 million, as per balance sheet date the Company recorded an obligation of EUR 1.15 million for the option and added this amount to the carrying amount of the investment. This call option will expire on 4 November 2025 and in the five subsequent years the other shareholders of LG Graphite S.r.l. have a put option to sell the remaining 20% to the Company.

1.7 Subsequent events

Closing IBIDEN DPF France S.A.S. (IDFS)

As mentioned in section 1.4., on 25 March 2021 the board of directors of the Company decided to increase the share capital of IDFS with EUR 36.5 million which IDFS will use to fully repay its payables to the Company including payables relating to cash pooling (amount per 31 March 2021: EUR 36.2 million). The first payment of EUR 16.5 million was done on 20 May 2021. The second payment of EUR 20 million was done on 9 June 2021. As the equity value of IDFS is zero after the capital injection, the Company had to impair the EUR 36.5 million immediately. Therefore the book value of the participation in IDFS remains EUR 0.

There are no further subsequent events known at this time.

1.8 Outlook for 2021/2022 and further

The industry sector where the Company is active, the automotive parts industry, continues to be competitive. Customers are demanding in respect of product quality, prices, delivery and R&D capability, in view of even harsher environmental regulatory requirements.

The Company will face a strong headwind as the automobile market for diesel cars in Europe is diminishing and further there remain some uncertainties on the Covid-19 pandemic. In the first 11 months months of 2021/2022, sales decreased by EUR 41 million compared to the same period of 2020/2021 including April 2020, the month the Company was hit most by the Covid-19 pandemic. This is mainly due to supply issues in the automotive sector, with most significant impact in the period after summer 2021. The Company tries to overcome the situation by selling more to the heavy duty

car manufacturers or to the non-road car manufacturers.Also the Company is looking into the possibilities of the market for particulate filters for petrol passenger cars.
The Company will continue to focus on cost saving efforts to retain as much profitability as possible.

The Company has succeeded in establishing an important market share in the relevant industry sector. It will continue to strengthen its sales positions by focusing on customers' needs in cooperation with the parent company and manufacturing subsidiaries. The main goal is to become more customer-oriented both in sales and R&D activities.

The Company will implement a new ERP-system (Oracle Cloud). The new system will improve the efficiency and transparency of business processes. Expected implementation date of the new system is not before June 2022. Until 31 March 2021 the total expenditures amount to 1,260,058 of which EUR 1,255,118 has been capitalized as intangible asset on the balance sheet.

On 1 October 2021 A. Yamada resigned as member of the board of the directors and with effective date of 16 October 2021 T. Ando was appointed as new member of the board of directors.

No significant investments or reduction in workforce are planned.

1.9 Board of directors

As of 1 January 2013, the 'Wet Bestuur en Toezicht', a new Management and Supervision Act came into effect. This act required a large-sized N.V. or B.V. to seek for a balanced distribution on their management and supervisory boards, with at least 30% of the seats occupied by women, and at least 30% by men. This law is not applicable anymore since January 1, 2020 however diversity including a balanced distribution of the boards has and will have the continuous attention.
The current composition of the Boards deviates from the above-mentioned percentages.

The Company will pursue a policy to continue to comply with the guidelines of the act and continues to strive for an adequate and balanced composition of its Board in future appointments, by taking into account all relevant selection criteria, including but not limited to gender balance and executive experience.

The balanced situation as outlined in the above mentioned articles would only be realized if and when vacancies may become available and only to the extent that compliant candidates are of equal quality.

Hoofddorp, 22 March 2022

The Board of Directors,

J. Yokoe T. Ando

Financial statements

Balance sheet as at 31 March 2021

(Before proposed appropriation of result)

	Notes	31 March 2021 EUR	31 March 2021 EUR	31 March 2020 EUR	31 March 2020 EUR
Assets					
Fixed assets					
Intangible fixed assets	4.1	1,255,118		9,004	
Tangible fixed assets	4.2	94,825		126,524	
Financial fixed assets	4.3	83,944,108		86,199,943	
			85,294,051		86,335,471
Current assets					
Inventories	4.4	4,491,486		3,970,959	
Receivables	4.5	183,941,368		165,909,028	
Cash at banks and in hand	4.6	32,681,798		41,515,451	
			221,114,652		211,395,438
			306,408,703		297,730,909
Equity and liabilities					
Shareholder's equity	4.7				
Share capital		65,800,000		65,800,000	
Legal reserve		1,255,118		0	
Other reserves		144,141,936		138,936,379	
Result for the year		6,243,195		6,460,675	
			217,440,249		211,197,054
Current liabilities	4.9		88,968,454		86,533,855
			306,408,703		297,730,909

Profit and loss account for the financial year ended 31 March 2021

	Ref.	2020/2021	2019/2020
		EUR	EUR
Net turnover	5.1	267,698,331	295,722,092
Cost of sales		(249,460,220)	(273,449,852)
Gross margin		18,238,111	22,272,240
Selling expenses	5.2	(4,786,069)	(6,691,415)
General and administrative expenses	5.3	(5,964,086)	(6,783,288)
Total expenses		(10,750,155)	(13,474,703)
Operating margin		7,487,956	8,797,537
Other non-operating income and expense, net		335,691	211,081
Financial income / (expenses), net	5.4	467,034	416,107
Result from ordinary activities before taxation		8,290,681	9,424,725
Taxation	5.5	(2,047,486)	(2,964,049)
Net result after taxation		6,243,195	6,460,675

Notes to the balance sheet and profit and loss account

1. General

IBIDEN Europe B.V. (hereinafter "the Company") is a private limited company, has its statutory seat in Hoofddorp and is registered under number 33234926 at the Chamber of Commerce. The ultimate parent company is IBIDEN Co., Ltd, Japan, which holds 100% shares in the Company. The ultimate parent, the Company and all affiliated companies are referred to as the 'Group'.

1.1 Activities

The activities of the Company mainly concern procurement and distribution of automotive parts, diesel particulate filters (DPF) and alumina fibre mats (MAT), and fine graphite material (FGM), manufactured by the parent company and manufacturing entities in the Group. The Company is also involved in procurement and distribution of raw material to its manufacturing subsidiaries.

The Company maintains four sales offices. It owns majority shares in four manufacturing entities (see section 1.2). The sales offices are located in Stuttgart, London, Paris and Turin whereby Stuttgart and Paris are the largest branches.

Sales are mostly made within the European Union. Two out of the four sales offices primarily sell automotive parts and one of the two offices focuses on FGM sales and sales of machinery parts to affiliated company IBIDEN Hungary Kft. as well. The main customers of the Company are first and second tier suppliers for passenger cars and heavy duty trucks of Original Equipment Manufacturers.

1.2 Group structure

The (ultimate) parent company refers to IBIDEN Co., Ltd. In Ogaki, Japan, which holds 100% shares in the Company and belongs to the IBIDEN group.

The subsidiary IBIDEN Hungary Kft. (IHU) produces automotive parts. IBIDEN DPF France S.A.S. (IDFS) ceased its operational activities at the end of the fiscal year 2018/2019. IBIDEN Ceram GmbH (ICG) produces selective catalytic reduction (SCR). CERAM Liegenschaftsverwaltungs GmbH (CLV) is the co-owner of the ground and properties on which ICG conducts its operations. LG Graphite S.r.l (LG) was acquired in the current financial year. LG produces fine graphite material (FGM).

An overview of % of shares of investments can be found in section 4.3 Financial fixed assets.

1.3 Consolidation

The Company does not prepare consolidated annual accounts since it makes use of the consolidation exemption offered by article 408, Book 2 of the Dutch Civil Code. Therefore, reference is made to the consolidated annual accounts of IBIDEN Co., Ltd., Japan, the sole shareholder of the Company. The consolidated annual accounts are available at the Dutch chamber of commerce and at www.ibiden.com.

1.4 Related-party transactions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be related parties. Also, entities which can control the Company are considered as related parties. In

addition, statutory directors, other key management of the Company, the ultimate parent company and close relatives are regarded as related parties.
Significant transactions with related parties are disclosed in the notes. The nature, extent and other information are disclosed if it is required to provide a true and fair view.

1.5 Changes in accounting policies

The accounting policies have not been changed compared to 2019/2020. The policies have been consistently applied.

1.6 Judgments and estimates

The preparation of annual accounts in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the financial statements in future periods. If necessary for the purposes of providing the view required under Section 362(1), Book 2 of the Netherlands Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the financial statement items in question. Management considers the valuation of the financial fixed assets has the most significant effect on the financial statements; further reference is made to section 2.8 for the accounting policies for valuation of fixed assets.

1.7 Cash flow statement

As the share capital of the Company is wholly owned by Ibiden Co., Ltd., Japan, the Company made use of the exemption with respect to the preparation of a cash flow statement, as laid down in the accounting policies generally accepted in the Netherlands (RJ 360.104). The consolidated annual accounts are available at the Dutch chamber of commerce and at www.ibiden.com.

2. *Principles of valuation of assets and liabilities*

2.1 General

The annual accounts were prepared in accordance with the statutory provisions of Title 2.9, Book 2 of the Netherlands Civil Code and the firm pronouncements in the Dutch Accounting Standards for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board.
In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or fair value. The balance sheet and profit and loss account include references to the notes.

2.2 Comparative figures

The principles of valuation and determination of result and presentation have not been changed compared to the prior year.

2.3 Foreign currencies

Functional currency
Items included in the annual accounts are measured using the currency of the primary economic environment in which the Company operates. The annual accounts are presented in Euro, which is the functional and presentation currency of the Company. The participations are also administrated in Euro.

Transactions, assets and liabilities
Foreign currency transactions in the reporting period are translated into Euro using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognised in the profit and loss account.

Translation differences on non-monetary assets held at cost are recognised using the exchange rates prevailing at the dates of the transactions or the approximated rates.

The assets and liabilities of foreign activities are translated into the presentation currency (euros) at the rate of exchange ruling at the balance sheet date and the income and expenses of these foreign activities are translated at the rates ruling on the transaction date. Resulting exchange differences are taken directly to the legal foreign currency translation reserve. On the disposal of a foreign activity, the cumulative exchange differences taken directly to the reserves are taken to the profit and loss account as part of the gain or loss on the sale.

2.4 Offsetting

Assets and liabilities are only offset in the financial statements if and to the extent that:
- An enforceable legal right exists to offset the assets and liabilities and settle them simultaneously; And
- The positive intention is to settle the assets and liabilities on a net basis or simultaneously.

2.5 Intangible fixed assets

An intangible fixed asset is recognized in the balance sheet if:
- It is probable that the future economic benefits that are attributable to the asset will accrue to the Company.
- The cost of the asset can be reliably measured.

Intangible assets are stated at historical cost less amortisation. Allowance is made for any impairment losses expected; a loss qualifies as an impairment loss if the carrying amount of the asset (or of the cash-generating unit to which it belongs) exceeds its recoverable amount. For details on how to determine whether an intangible asset is impaired, please refer to Note 2.8 below.

Computer software
Software licenses acquired are capitalised as acquisition cost and amortised over their estimated future useful lives. Expenditures that are attributable to the production of identifiable and unique software products controlled by the Company are capitalised. Costs associated with maintaining computer software and research expenditure are recognized in the profit and loss account. Computer software is amortised at a rate of 20% per annum.

Development costs
Development costs are capitalized if they satisfy the technical, commercial and financial feasibility criteria set for them. A legal reserve equivalent to the carrying amount is recognized. Development costs are amortized on a straight-line basis over the estimated useful economic life of the asset concerned.

The amortization charges on computer software and development costs are included in the line item General and administrative expenses of the Profit and Loss Account.

2.6 Tangible fixed assets

Land and buildings are valued at acquisition cost plus additional expenses less straight-line depreciation over the estimated useful economic life. Land is not depreciated. Buildings are depreciated at a rate of 4% per annum. There is no major obligation for restoration after the use of the asset (decommissioning costs). Costs associated with small repair and maintenance are taken directly to the profit and loss account.
Office equipment is valued at acquisition cost less accumulated depreciation. Depreciation is on a straight-line basis over the estimated economic lives of the related assets. Office equipment is depreciated at a rate of 20% per annum.
When determining the depreciation charge of an asset, the residual value of the asset is taken into account.

Any impairment as at the balance sheet date is taken into account (see 2.8).

2.7 Financial fixed assets

Investments in Group companies
Investments in Group companies are recorded at cost being the purchase price agreed, the fair value of contingent liabilities and costs directly attributable to the acquisition.
For the recognition and measurement of call and put option(s) relating to minority shares the Company assesses all facts and circumstances, and conditions of the option(s). Main consideration is whether the option(s) give(s) (immediate) access to economic benefits of the minority shares. If so, an obligation is recognized at the fair value of the expected obligation which is determined by the performance of the underlying asset, and the amount of the obligation is added to the carrying amount of the investment.

If an asset qualifies as impaired, it is measured at its impaired value: any write-offs are recorded in the profit and loss account (see 2.8).

Loans
Long term loans are initially recognized at fair value and subsequently measured at amortized cost. If a loan qualifies as impaired, it is measured at its impaired value: any write-offs are recorded in the profit and loss account (see 2.8).

Other receivables
Other receivables disclosed under financial assets include loans and other long term receivables. These receivables are initially measured at fair value, and subsequently carried at amortised cost. Impairment losses are deducted from amortised cost and expensed in the profit and loss account.

2.8 Impairment of fixed assets and its recognition

On the balance sheet date, the Company assesses whether there are one or more indications of an asset which could be subject to impairment. If there are one or more indications, the recoverable amount, being the lower of the asset's fair value less costs to sell and value in use, is estimated. If this is not possible, the recoverable amount of the cash-generating unit to which the asset belongs, is identified. An asset is subject to impairment if its carrying amount exceeds its recoverable amount.

Fair value less costs to sell is determined based on the active market. An impairment loss is directly expensed in the profit and loss account. Value in use is calculated based on future discounted cash flows.
If it is established that a previously recognised impairment loss no longer applies or has declined, the increased carrying amount of the assets in question is not set any higher than the carrying amount that would have been determined had no asset impairment been recognised.

2.9 Inventories

Inventories of finished goods are stated at the purchase cost or at net realizable value, whichever is lower. Cost is determined using the first in, first out (FIFO) method. The purchase cost includes the purchase price and the additional costs. The additional costs include the import duties and other taxes, transport and handling costs and other costs that can be directly attributed to the acquisition of the finished goods. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Net realisable value is determined making allowance for obsolescence of inventories. The purchase price for goods delivered by group companies is a fixed percentage of the sales price to external customers.

2.10 Trade-receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

2.11 Cash and cash equivalents

Cash and cash equivalents include only cash balances in Euro currency at banks and are stated at face value.

2.12 Employee benefits

Short-term employee benefits
Salaries, wages and social security contributions are taken to the profit and loss account based on the terms of employment, where they are due to employees.

The Company recognizes an obligation if it has demonstrably committed paying a termination benefit or transition payment. If the termination is part of a reorganization, the Company includes the costs of a termination benefit or transition payment in a provision for reorganization costs.

Pensions
The Company only has pension plans for employees working in the Netherlands. The Company pays regular contributions to the insurance company on a contractual basis. Except for the payment of contributions, the Company has no other obligation in connection with this pension plan. The main characteristics of this plan are:

- Insurer: The life insurance public company in the Netherlands. There is no contribution plan for the offices outside the Netherlands.
- Salary basis for pension: final gross monthly salary plus holiday allowance and 13th month bonus minus franchise of national pension insurance.
- Premium contribution: The employee's contribution is fixed to 3% of gross salary and the remaining part is contributed by the Company. Supplementary contribution is permitted to be made by the employee under the condition set by the insurer.

- Pension insurance: Aged pension, Widow's and Orphan's pension.
- Pension is yearly indexed based on the average consumer price index.

Contributions payable to the pension plan administrator are recognized as an expense in the profit and loss account. Contributions payable or prepaid contributions as at year-end are recognized under pension payable, and prepayments and accrued income, respectively.

2.13 Taxes

Current taxes

Taxes are calculated on the result before tax as disclosed in the profit and loss account based on current tax rates, allowing for tax-exempt items and cost items which are non-deductible, either in whole or in part.

Tax assets and liabilities are netted if the general conditions for netting are met.

Deferred taxes

A deferred tax liability is recognized for all taxable temporary differences between the valuation for tax and financial reporting purposes. A deferred tax asset is recognized for all deductible temporary differences between the valuation for tax and financial reporting purposes and carry-forward losses, to the extent that it is probable that future taxable profit will be available for set-off. Deferred tax assets and liabilities are recognized under financial fixed assets and provisions, respectively.

Deferred tax liabilities and deferred tax assets are carried on the basis of the tax consequences of the realization or settlement of assets, provisions, liabilities or accruals and deferred income as planned by the group at the balance sheet date. Valuation is based on current tax rates. Deferred tax liabilities and deferred tax assets are carried at non-discounted value.

Deferred tax assets and liabilities are netted if the general conditions for netting are met.

2.14 Leasing

Assessing whether an agreement contains a lease is based on the substance at the inception date of the agreement. The agreement is regarded as a lease if the fulfilment of the agreement depends on the use of a specific asset, or on whether the lease contains the right of use of a specific asset.

Operating leases – Company as a lessee

The Company entered into operating lease contracts for the use of automobile, building and equipment. Leases in which significant portion of the risks and rewards incidental to the ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The future commitments of payment towards lessor are disclosed in the paragraph 4.10 "Off-balance sheet commitments and contingent liabilities".

2.15 Other assets and liabilities

All other assets and liabilities are initially recognized at fair value and subsequently measured at (amortized) cost.

3. *Principles for determination of result*

General

The result represents the difference between the value of the goods and services supplied and the costs and other charges for the year. The results on transactions are recognised in the year they are realised; losses are taken as soon as they are foreseeable.

3.1 Revenue recognition

General
Net turnover represents the proceeds from the supply of goods and services, net of taxes levied on turnover and discounts.

Sales of goods
Income from the sale of goods is recognized in the profit and loss account once all the major rights to economic benefits and significant risks relating to the goods have been transferred to the buyer, the income can be reliably measured and the income is probable to be received.

Sales of services
If the result of a transaction relating to a service can be reliably estimated and the income is probable to be received, the income relating to that service is recognized in proportion to the service delivered.

3.2 Cost of sales

Cost of sales represents the direct and indirect expenses attributable to turnover. Cost of sales is recorded in the same period as the turnover is recognised.

3.3 Selling expenses

Selling expenses are cost relating to sales activities that cannot be traced to individual goods sold.

3.4 General and administrative expenses

Costs are recognised on the historical cost convention and are allocated to the reporting year to which they relate. Intangible assets, including goodwill, are amortised and tangible fixed assets depreciated over their estimated useful lives as from the inception of their use. Land and investment property are not depreciated. Future depreciation and amortisation is adjusted if there is a change in estimated future useful life time.

3.5 Net financial income and expenses

Interest paid and received
Interest paid and received is recognised on a time-weighted basis, taking account of the effective interest rate of the assets and liabilities concerned.

Foreign current results
Reference is made to section 2.3.

3.6 Dividends

Dividends are recognized in the profit and loss account if the Company is entitled to them and the dividends are probable to be received.

3.7 Financial instruments

Market risk

a. Currency risk

The Company keeps its books in Euro since the majority of their sales and purchase are denominated in Euro. The Company conducts limited business activities in USD. Therefore the Company builds USD denominated bank deposit assets to square its USD/EUR positions and minimizes possible negative impact on its financial performance. Accordingly currency risk is considered to be limited.

b. Price risk

The Company has no investments in listed companies or listed debts. Hence there is limited price risk.

c. Interest rate risk

The Company grants a floating interest bearing loan to a subsidiary. No significant interest risk is recognized with the fair value of the loan as at the reporting date.

Credit Risk

There are no significant concentrations of customers with low credit standings. Sales are made to customers that meet the Company's criteria. Most goods and service are sold at payment terms ranging between 30 and 120 days.

The Company has issued a loan to ICG. This counterparty does not have a history of non-performance.

Liquidity Risk

Liquidity risk is very limited because of the significant positive cash position of the Company and because payment terms agreed with suppliers are similar as payment terms agreed with external customers. The Company's working capital is more than sufficient to cover the off-balance sheet obligations. Please also refer to the details of the credit facilities under 4.9 Off-Balance Sheet commitments and contingent liabilities.

Financial Risk

At the end of March 2021 the Company holds investments in 5 group companies over which it has decisive control, the total carrying amount of the investments is EUR 72,694,198 (31 March 2020: EUR 66.944.197). In the current year EUR 5.75 million was added through the acquisition of 80% of the shares of LG and of an option to buy the remaining 20% of the shares of LG. If the financial performance of these investments deteriorates and eventually the Company judges their recoverable amount is below the book value, the Company suffers from impairment loss.

4. *Notes to the balance sheet*

4.1 Intangible fixed assets

Movements in intangible fixed assets are as follows:

	Software	***Develop-ment cost***	**Total**
	EUR	EUR	EUR
1 April 2020			
At cost	921,456	0	921,456
Accumulated amortization and impairment	(912,452)	0	(912,452)
Book value	9,004	0	9,004
Movements 2020/21			
Additions	0	1,255,118	1,255,118
Amortisation	(9,004)	0	(9,004)
Disposals, cost	0	0	0
Disposals, amortization	0	0	0
	(9,004)	1,255,118	1,246,114
31 March 2021			
At cost	921,456	1,255,118	2,176,574
Accumulated amortization and impairment	(921,456)	(0)	(921,456)
Book value	0	1,255,118	1,255,118

There are no internally generated intangible assets. The length of amortization period is between 5 and 10 years.

Computer software
Software licenses acquired are capitalised as acquisition cost and amortised over their estimated future useful lives. Expenditures that are attributable to the production of identifiable and unique software products controlled by the Company are capitalised. Costs associated with maintaining computer software and research expenditure are recognized in the profit and loss account. Computer software is amortised at a rate of 20% per annum.

Development costs
Development costs are capitalized if they satisfy the technical, commercial and financial feasibility criteria set for them. A legal reserve equivalent to the carrying amount is recognized. Development costs are amortized on a straight-line basis over the estimated useful economic life of the asset concerned.

The amortization charge of software and development costs is included in the line item general and administrative expenses in the profit and loss account.

The addition of EUR 1,255,118 in development costs in the current fiscal year contains all expenditures regarding the implementation of a new ERP-system (Oracle Cloud) that meet criteria for capitalization.

4.2 Tangible fixed assets

Movements of tangible fixed assets are as follows:

	Land and buildings	Office Equipment	Total
	EUR	EUR	EUR
1 April 2020			
At cost	400,899	376,018	776,917
Accumulated depreciation	(313,920)	(336,473)	(650,393)
Book value	86,979	39,545	126,524
Movements 2020/21			
Additions	4,459	5,802	10,261
Depreciation of tangible fixed assets	(24,770)	(17,190)	(41,960)
Disposals, cost	(25,218)	(14,918)	(40,136)
Disposals, depreciation	25,218	14,918	40,136
	(20,311)	(11,388)	(31,699)
31 March 2021			
At cost	380,140	366,902	747,042
Accumulated depreciation	(313,472)	(338,745)	(652,217)
Book value	66,668	28,157	94,825

4.3 Financial fixed assets

An overview of the movements of the financial fixed assets is given below:

	Investments in group companies	Long term loans	Other receivables	Total
	EUR	EUR	EUR	EUR
1 April 2020				
Book value	66,944,197	19,200,000	55,746	86,199,943
Movements 2020/2021				
Acquisition of LG (80%)	4,600,000	-	-	4,600,000
Option LG shares (20%)	1,150,000	-	-	1,150,000
Repayment of loans from ICG	-	(8,000,000)	-	(8,000,000)
Other increases / (decreases)	-	-	(5,836)	(5,836)
	5,750,000	(8,000,000)	(5,836)	(2,255,836)
31 March 2021				
Book value	72,694,198	11,200,000	49,910	83,944,108

Impairment
The accumulated impairment as per 31 March 2021 amounts to EUR 81,657,440 (31 March 2020: EUR 81,657,440) and relates to following investments:

- IBIDEN Ceram GmbH, Austria (ICG) – EUR 42,957,681 (partly impaired in 2018/2019)
- IBIDEN DPF France S.A.S., Courtenay, France (IDFS) – EUR 38,699,759 (fully impaired)

Investments in group companies
On 4th of November 2020 the Company acquired 80% of the shares of LG Graphite S.r.l., an Italian company, for the development of Ibiden group's graphite business. The agreed consideration for the 80% of shares is EUR 4,600,000. Additionally, the Company has an option to acquire the remaining 20% for a maximum amount of EUR 1.725 million and for which the value per balance sheet date is determined at EUR 1,150,000 and added to the carrying amount of the investment. A liability is recognized with the same value. The exercise period of the call option has started at the day of acquisition and expires after five years on 3rd of November 2025. In the five subsequent years, starting from 4th of November 2025, the shareholders of LG Graphite S.r.l. have the option to sell (put option) the remaining 20% to the Company. The exercise price of the option is determined by the performance of LG. Parameters that determine the value are marginal profit and sales development. The minimum price for the option is EUR 575,000 and the maximum price is EUR 1,725,000.

List of participations	Share in Issued Capital	
	2021	**2020**
IBIDEN Ceram GmbH, Austria (ICG)	100%	100%
IBIDEN DPF France S.A.S., Courtenay, France (IDFS)	100%	100%
IBIDEN Hungary Kft, Dunavarsany, Hungary (IHU)	99%	99%
Ceram Liegenschaftsverwaltungs GmbH, Frauenthal, Austria	90%	90%
LG Graphite S.R.L., Caselle Landi, Italy	100%	0%

Long term loans
On 1 June 2012 the Company granted a loan of EUR 36 million to its subsidiary, ICG. The balance as per March 31, 2021 amounts to EUR 11.2 million. The interest rate is fixed at three month EURIBOR (zero floor) plus a 0.8125% margin and the loan falls due every three months. The loan is revolved if indicated by one of the parties by the end of each three month period. The loan is classified as long term loan since there is no clear intention to settle the full amount within one year after the balance sheet date.

4.4 Stocks

	31 March 2021	31 March 2020
	EUR	EUR
Finished goods	4,491,486	3,970,959

4.5 Receivables

	31 March 2021	31 March 2020
	EUR	EUR
Trade receivables	64,974,385	70,804,611
Due from parent company	69,349	256,863
Due from investments	911,899	3,036,775
Cash Pooling receivables	116,554,970	90,204,292
Prepayments and accrued income	329,499	1,580,416
VAT receivables	1,101,267	0
Other current assets	0	26,751
	183,941,369	165,909,708

Cash Pooling
Cash pooling to group companies is the result of netting of outstanding balances of group companies. Under the cash pooling program any debit/credit closing balance in participants' EUR accounts with SMBC is daily transferred to the Company's pooling centre account and next morning reversed to each participant. When the Company receives money, it pays ECB Main Refinancing Rate –0.85%. When the Company places money, it receives ECB Main Refinancing Rate +-0.45%. During FY2020/2021 ECB Main Refinancing Rate stayed always at 0%. Accordingly there was no interest paid.
As per the balance sheet date the cash pooling receivables include receivables from the company's investments. The increase of EUR 26 million can be explained as follows:

- In 2020/2021 the receivables from IHU increased (plus EUR 20 million) mainly due to recovery of the production levels and resulting need for additional working capital.

- The receivables from IDFS increased (plus EUR 3 million) as the closure is not completed yet. Subsequent to balance sheet date the Company provided a capital contribution to IDFS to enable IDFS to repay the loan.
- The receivables from ICG increased (plus EUR 3 million). As ICG paid back EUR 8 million of their long-term loan payables in order to reduce their interest payments (see note 4.3), they had to increase their Cash Pool payables to ensure liquidity.

All receivables fall due in less than one year. The fair value of the receivables approximates the book value.

4.6 Cash at banks and in hand

The cash balances at banks are at the Company's free disposal.

4.7 Shareholder's equity

Issued share capital

The authorised share capital of the Company as per 31 March 2021 amounts to EUR 72,000,000 (31 March 2020: EUR 72,000,000) and consists of 72,000 (31 March 2020: 72,000) ordinary shares of EUR 1,000 each. On the 25th of April 2019 the parent company Ibiden Co., Ltd. provided a capital contribution of EUR 30 million to the company.
Issued and paid in share capital amounts to EUR 65,800,000 (31 March 2020: EUR 65,800,000) and consists of 65,800 (31 March 2020: 65,800) ordinary shares with a nominal value of EUR 1,000.

Movement schedule

	Share capital issued and paid	**Legal reserve**	**Other reserves**	**Result for the year**	**Total**
	EUR	EUR.	EUR	EUR	EUR
April 1, 2019					
Balance	35,800,000	0	155,538,764	(16,602,385)	174,736,379
Movements 2019/2020					
Result appropriation for the prior year	0	0	(16,602,385)	16,602,385	0
Increase in share capital	30,000,000	0	0	0	30,000,000
Result for the year	0	0	0	6,460,675	6,460,675
	30,000,000	0	(16,602,385)	23,063,060	36,460,675
March 31, 2020					
Balance	65,800,000	0	138,936,379	6,460,675	211,197,054
Movements 2020/2021					
Result appropriation for the prior year	0	0	6,460,675	(6,460,675)	0
Increase in share capital	0	0	0	0	0
Legal reserve for Development cost	0	1,255,118	(1,255,118)	0	0

Result for the year	0	0	0	6,243,195	6,243,195
	0	1,255,118	5,205,557	(217,480)	6,243,195
March 31, 2021					
Balance	65,800,000	1,255,118	144,141,936	6,243,195	217,440,249

Legal reserve for development costs

The Company will implement a new ERP-system (Oracle Cloud). Expected implementation date of the new system is not before June 2022. The expenses are capitalized as intangible asset. So far total expenditures amount to EUR 1,260,058 of which EUR 1,255,118 have been capitalized as intangible asset on the balance sheet.

Proposed appropriation of result

The Board of Directors proposes to add the result for the year to other reserves. The appropriation of the result is not reflected in these annual accounts.

4.8 Current liabilities

	31 March 2021	**31 March 2020**
	EUR	EUR
Trade creditors	585,453	828,326
Due to parent company	5,435,135	19,100,205
Due to group companies	47,118,494	38,407,346
Due to customers	0	1,065,910
Short-term loan due to parent company	30,000,000	20,000,000
Due from option LG shares (see note 4.3)	1,150,000	0
Accrued expenses and other payables	961,317	2,656,159
Deferred income	291,031	709,038
Corporate income tax payable	3,044,589	2,721,679
Wage tax and social securities	145,820	160,065
Pension premium payable	80,438	86,375
VAT payable	156,177	798,752
	88,968,454	86,533,855

Due to group companies
The amounts due to group companies concern purchasing mainly by the branches from IHU and IBIDEN Mexico S.A.

Short term loan due to parent company
On the 25th of October 2019 the parent company Ibiden Co., Ltd. provided a credit line of EUR 20 million to the Company. This loan was mainly used to provide short term (cash pool) financing to IDFS to cover costs of the closing and to IHU for its operating fund. The interest payments are due on a

quarterly basis and the annual interest rate is at 0.25%. The loan was extended for another year in October 2020 and the annual interest rate remained at 0.25%. Additionally, on the 16th of October 2020, Ibiden Co., Ltd. provided another credit line of EUR 10 million to the Company. The loan has the same conditions as the one from 2019.
All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to its short term character. No guarantee has been given to secure the above mentioned liabilities.

4.9 Off-balance sheet commitments and contingent liabilities

Long-term financial obligations

Operating leases include the rental of property and company cars. Amounts due under operating leases as at 31 March 2021 are:

	31 March 2021	**31 March 2020**
	EUR	EUR
Due in one year	344,262	546,634
Due in more than one year and less than 5 years	1,050,241	691,417
Due in more than 5 years	38,297	115,033
	1,432,800	1,353,083

The amount of operational lease expenses charged to the profit and loss account is EUR 148,673 (2019/2020: EUR 187,220).

Guarantees

There are 2 guarantees on behalf of the Company by one of its banks. The guarantees concern two of the Company's office lease contracts. The one concerning the office lease contract of Amsterdam branch amounts to EUR 28,685 at 31 March 2021 (31 March 2020: EUR 28,685). The other one concerning the office lease contract of Paris branch amounts to EUR 18,405 at 31 March 2021 (31 March 2020: EUR 18,405).

Credit facilities

The Company is granted an uncommitted credit facility of EUR 30 million (31 March 2020: EUR 30 million), no portion of that was utilized as of 31 March 2021 (31 March 2020: none).

5. Notes to the profit and loss account

5.1 Net turnover

Breakdown of revenue by geographical location of clients:

	2020/2021	2019/2020
	EUR	EUR
Europe Region	246,205,280	272,062,688
North America	453,896	983,099
Africa	12,103,673	15,565,345
Other	8,935,482	7,110,961
	267,698,331	295,722,092

Breakdown of revenue by category is as follows:

	2020/2021	2019/2020
	EUR	EUR
Sale of ceramics	267,525,607	294,847,619
Service fee	172,724	874,473
	267,698,331	295,722,092

5.2 Selling expenses

Supplies expenses, transportation and warehousing expenses and other expenses

The selling expenses include supplies expenses, transportation and warehousing expenses and other expenses.

	2020/2021	2019/2020
	EUR	EUR
Supplies expenses	181,686	178,511
Transportation and warehousing expenses	2,365,146	3,543,569
Research and development expenses	0	1,695
Other expenses	2,239,237	2,967,640
	4,786,069	6,691,415

Transportation and warehousing expenses

Transportation and warehousing expenses declined by about EUR 1.2 million because of fewer special transports due to production capacity constraints in 2019/2020 as well as declining sales.

5.3 General and administrative expenses

Wages, salaries, pension and social security costs

The general and administrative expenses include wages and salaries, pensions and social security costs.

	2020/2021	2019/2020
	EUR	EUR
Wages and salaries	4,064,562	4,566,660
Pension costs	328,057	316,301
Other social security costs	459,067	591,150
	4,851,686	5,474,111

Amortisation/depreciation and impairment of assets

Amortization of intangible assets, depreciation of fixed assets, along with the impairments, is included in the selling, general and administrative expenses. These can be broken down as follows:

	2020/2021	2019/2020
	EUR	EUR
Amortization of intangible fixed assets (note 4.1)	9,004	13,532
Depreciation of tangible fixed assets (note 4.2)	41,960	26,490
	50,964	40,022

Auditor's fees

The following audit fees were expensed in the reporting period:

	EY Accountants LLP	Other EY	Other audit firms	Total
2019/2020				
Audit of financial statements	152,060	50,299	0	202,359
Tax advisory services	0	10,515	232,077	242,592
Other assurance services	0	57,463	2,810	60,273
Other non-assurance services	0	154,457	49,127	203,584
Total 2019/2020	152,060	272,734	284,015	708,808
2020/2021				
Audit of financial statements	139,800	50,570	0	190,370
Tax advisory services	0	14,933	287,737	302,671
Other assurance services	0	15,300	2,292	17,592
Other non-assurance services	0	89,193	30,715	119,908
Total 2020/2021	139,800	169,996	320,744	630,540

The fees listed above relate to the procedures applied to the Company and its consolidated group branches by accounting firms and independent external auditors as referred of the Dutch Accounting

Firms Oversight Act, as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups.

The amounts listed herein above represent the expenses incurred during the financial year.

5.4 Net financial income and expenses

	2020/2021	2019/2020
	EUR	EUR
Interest income	701,418	515,780
Foreign exchange results	(167,819)	(74,995)
Interest expense	(66,565)	(24,678)
	467,034	416,107

Interest income from subsidiaries amounts to EUR 701,418 (2019/2020: EUR 475,992).

5.5 Taxation

The standard tax rate in the Netherlands is 25%, with a tax rate of 20% applied up to the taxable income until EUR 200,000. The Company however operates through branches in different countries where higher tax rates are levied. The main reasons for effective tax rate change are referred to below. The movement in effective tax rate can mainly be explained by derecognition of a liability recognized in the past for potential tax exposures. The liability was derecognized following positive outcome of a tax audit.

	2020/2021	2019/2020
	EUR	EUR
Result from ordinary activities before taxation	8,290,681	9,424,725
At the statutory tax rate of 25%	2,072,670	2,356,181
Derecognition liability for tax exposures	(388,000)	0
Differences in tax rate in local branches	362,816	607,868
Income tax for the year	2,047,486	2,964,049
Effective tax rate	25%	31%

6. Supplementary information

6.1 Average number of employees

During the year 2020/2021, the average number of employees - on a full time basis - was 42 (2019/2020: 45). Of these employees 33 were employed outside the Netherlands (2019/2020: 36). 12 employees (2019/2020: 14) were directly involved in sales.

6.2 Remuneration of the board of directors

The directors remuneration for the financial year amounted to EUR 307,725 (2019/2020: EUR 146,897). In the current financial year the amount includes the remuneration for the whole year for both directors.

6.3 Related parties

The main related parties of the Company are the following legal entities:

Parent company:	IBIDEN Co., LTD.
Subsidiaries:	IBIDEN Hungary Kft.
	IBIDEN DPF France SAS
	IBIDEN Ceram GmbH
	Ceram Liegenschaftsverwaltungs GmbH
	LG Graphite S.r.l.

The majority of the Company's related party transactions regards purchase of goods produced by related companies. All transactions are based on agreements with the related parties whereby the Company's target remuneration is 5% of the total amount of revenue invoiced to its customers.

The 5% target margin has resulted in arm's length operating margin in the current and previous financial year.

6.4 Subsequent events

Closing IBIDEN DPF France S.A.S. (IDFS)

On March 25th, 2021 the board of directors of the Company decided to increase the share capital of IDFS with EUR 36.5 million which IDFS will use to fully repay its payables to the Company including payables relating to cash pooling (amount per March 31st, 2021: EUR 36.2 million). The first payment of EUR 16.5 million was done on May 20th, 2021. The second payment of EUR 20 million was done on June 9th, 2021. As the equity value of IDFS is zero after the capital injection, the Company had to impair the EUR 36.5 million immediately. Therefore the book value of the participation in IDFS remains EUR 0.

Changes in the board of directors

On 1 October 2021 A. Yamada resigned as member of the board of the directors and with effective date of 16 October 2021 T. Ando was appointed as new member of the board of directors.

There are no further subsequent events known at this time.

Hoofddorp, 22 March 2022

Board of Directors,

J. Yokoe T. Ando

Other information

Provision in the articles of association governing the appropriation of profits

In accordance with article 20 of the Company's Articles of Association, the result for the year is at the disposition of the shareholder at the General Meeting of Shareholder.

Branches

Branches are located in:

Country:	Trade Name:
United Kingdom	Ibiden Europe B.V. London Branch
France	Ibiden Europe B.V. Paris Branch
Germany	Ibiden Europe B.V. Stuttgart Branch
Italy	Ibiden Europe B.V. Torino Branch

Independent auditor's report

The report of the independent auditor is set forth on the next pages.

EY
Building a better working world

Independent auditor's report

To: the shareholder of IBIDEN Europe B.V.

Report on the audit of the financial statements for the financial year ended 31 March 2021 included in the annual report

Our opinion

We have audited the financial statements for the financial year ended 31 March 2021 of IBIDEN Europe B.V., based in Hoofddorp.

In our opinion the accompanying financial statements give a true and fair view of the financial position of IBIDEN Europe B.V. for the year ended 31 March 2021, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The balance sheet as at 31 March 2021
- The profit and loss account for the year ended 31 March 2021
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of IBIDEN Europe B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- Management board report
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:
- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities for the financial statements

Responsibilities of management for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements
Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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 financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Concluding 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 company'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 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 a company to cease to continue as a going concern
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

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

Amsterdam, 22 March 2022

Ernst & Young Accountants LLP

signed by A.M. Kayhan