NOTIFICATION OF
THE 87th ORDINARY GENERAL MEETING OF SHAREHOLDERS

To be held on June 29, 2022

NICHICON CORPORATION
Kyoto, Japan

Notes:
1. This is a translation of the Japanese-language notification of the 87th ordinary general meeting of registered shareholders.
2. The financial statements of Nichicon Corporation are prepared in accordance with applicable laws and accounting principles generally accepted in Japan.

Mission Statement

We dedicate ourselves to creating valued products that will contribute to a brighter future for society.
We strive to attain a better global environment, to live up to our ethical and social responsibilities, and to diligently work to exceed the expectations of our customers, shareholders and employees. With heart and soul, we aim to maximize our corporate value by the way of “ko-do” (Think and Work).

* “ko-do” is a proprietary phrase created by the Company, meaning “Think and Work.”

Sustainability Policy

Following the Nichicon Group Mission Statement, we will dedicate ourselves to contributing to the creation of a brighter future society through the creation of products that help to achieve a better global environment. Our aim is to realize a sustainable society and increase corporate recognition while fulfilling our corporate social and ethical responsibilities.

1. By combining a wide range of technologies starting from material development to system design, Nichicon is helping solve social issues such as climate change. By promoting digital transformation and innovation, we are helping to create a brighter future.
2. We value dialogue and cooperation with all stakeholders, creating shared value, and developing fair and highly transparent management.
3. Our goal is to increase customer satisfaction by respecting human rights, ensuring diversity, developing human resources, and top notch management*, and aiming for corporate development and the happiness of all employees.

* Aim to be the highest in all aspects such as quality, cost, delivery time, service, and technology.

Dear Shareholders:

(Stock Code: 6996)
June 8, 2022
551, Nijoden-cho Karasumadori Oike-agaru,
Nakagyo-ku, Kyoto 604-0845, Japan

Shigeo Yoshida President & COO

Nichicon Corporation

NOTIFICATION OF THE 87th ORDINARY GENERAL MEETING OF SHAREHOLDERS

We hereby inform you that the 87th Ordinary General Meeting of Shareholders of Nichicon Corporation will be held as set forth below.

In the event that you are unable to attend the meeting, you are kindly requested to examine the attached reference material for the general meeting of shareholders and exercise your voting rights by mail or via the internet by no later than 5:15 p.m. on Tuesday, June 28, 2022.

*** Please note that there is no ballot attached to this translation.**

1. Time and Date:	**June 29, 2022 (Wednesday) 10:00 a.m.**
2. Venue:	**ANA Crowne Plaza Kyoto, 2nd Floor** 10 Tsuchibashi-cho Nijo-kudaru, Horikawa-dori, Nakagyo-ku, Kyoto
3. Agenda	

Matters To Be Reported On:

1. Presentation of the business report and consolidated financial statements, as well as the reports of audits of consolidated financial statements that were conducted by the Accounting Auditor and the Board of Company Auditors, for the 87th fiscal year ended March 31, 2022.
2. Presentation of the non-consolidated financial statements for the 87th fiscal year ended March 31, 2022.

Proposals To Be Voted On:

Proposal 1: Appropriation of Surplus

Proposal 2: Partial Amendment to the Articles of Incorporation

If there are any amendments to the Information for Shareholders, Business Report, Non-consolidated Financial Statements, or Consolidated Financial Statements, we will post them on our website (https://www.nichicon.co.jp/english/index.html).

Proposals for Deliberations and Referential Information

Proposal 1: Appropriation of Surplus

As we regard sharing profits with shareholders as an important management issue, we aim to steadily increase dividends by enhancing our corporate value and strengthening our corporate standing.

In light of the above described policy, accumulated retained earnings, and other considerations, we propose the following year-end dividend.

As a result, total dividends for the fiscal year will be ¥27.00 per share, an increase of ¥2.00 from the previous fiscal year.

Matters concerning year-end dividend

Type of dividend	Cash
Matters and total amount concerning the allocation of dividends to shareholders	**¥14.00** per common stock Total amount of **¥957,842,592**
Effective date of dividend	June 30, 2022

Proposal 2: **Partial Amendment of the Articles of Incorporation**

1. Reasons for the Amendment

On September 1, 2022, the amended provisions stipulated in the proviso of Article 1 of the Supplementary Provisions of the "The Act Partially Amending the Companies Act" (Law No. 70 of 2019) comes into effect. The Company proposes to amend its Articles of Incorporation as follows to allow for the introduction of a system to electronically provide reference materials for general meetings of shareholders.

(1) The proposed amendment of Paragraph 1 of Article 15 is to stipulate that the Company may electronically provide information on contents of reference material for the general meeting of shareholders.
(2) The proposed amendment of Paragraph 2 of Article 15 is to establish a provision for limiting the scope of matters that must, upon request from shareholders, be provided in paper form.
(3) The provisions related to the internet disclosure and deemed provision of the reference material for the general meeting of shareholders (Article 15 of the current Articles of Incorporation) shall be deleted, since it will no longer be required.
(4) Supplementary provisions relating to the date they take effect, shall be established in accordance with the above new provisions and deletion.

2. Details of the Amendment

Details of the amendment are as follows.

(Amendments are indicated by the underlined parts.)

Current Articles of Incorporation	Proposed Amendment
<u>(Internet Disclosure and Deemed Provision of Reference Material for the General Meetings of Shareholders, etc.)</u> <u>Article 15 The Company may, when convening a general meeting of shareholders, be deemed to have provided to its shareholders information pertaining to matters required to be described or indicated in reference material for the general meeting of shareholders, business reports, non-consolidated financial statements, and consolidated financial statements, by disclosing such information by means of the internet, in accordance with applicable ordinances of the Ministry of Justice.</u>	(Deleted)
(New)	<u>(Electronic Provision Measures, etc.)</u> <u>Article 15 When convening a general meeting of shareholders, the Company shall take measures to electronically provide information on contents of reference material for the general meeting of shareholders.</u> <u>2. With regard to paper documents to be issued to shareholders who request paper documents by the record date for voting rights, the Company may omit all or some of the matters stipulated by ordinance of the Ministry of Justice.</u>

Current Articles of Incorporation	Proposed Amendment
(New)	(Supplementary Provisions) 1. The deletion of Article 15 (Internet Disclosure and Deemed Provision of Reference Material for the General Meetings of Shareholders, etc.) of the current Articles of Incorporation and the enactment of the proposed amended Article 15 (Measures for Electronic Provision, etc.) shall come into effect on September 1, 2022, the date that the amended provisions prescribed in the proviso of Article 1 of the Supplementary Provisions of the "The Act Partially Amending the Companies Act" (Law No. 70, 2019) take effect, (hereinafter "Effective Date"). 2. Irrespective of the provisions described above, Article 15 of the current Articles of Incorporation shall remain in effect for any general meeting of shareholders held within six months of the Effective Date. 3. These Supplementary Provisions shall be deleted on the lapse of six months from the Effective Date or three months from the date of the general meeting of shareholders set forth in the preceding paragraph, whichever is later.

Business Report for the Fiscal Year Ended March 31, 2022

(April 1, 2021 to March 31, 2022)

1 Matters Concerning the Current State of the Nichicon Group

(1) Review of Business Operations and Results

During the consolidated fiscal year, the outlook for Japan's economy continued to remain uncertain, due to the ongoing impact of the COVID-19 pandemic, heightened geopolitical risks from Russia's invasion of Ukraine, and surging prices for energy and raw materials. On the other hand, economic activity picked up in stages with the easing of restrictions, thanks to the progress of vaccination. As overseas economies have gradually recovered, there are signs of bottoming out, particularly in corporate capital investment and exports, signaling an overall recovery trend. The U.S. economy has continued its recovery trend, due largely to economic stimulus measures and easing of economic restrictions. The European economy has also headed to recovery as countries have gradually eased economic restrictions and exports have bounced back. In China, the pace of economic recovery has slowed due to soaring oil and mineral resource prices, as well as lockdowns aimed at containing COVID-19 infections, power restrictions, and other governmental restrictions.

Under these circumstances, the Company has formulated its medium-term growth plan, "Vision 2025," which aims at achieving sustainable growth by meeting the goals of the plan. In the capacitor business during the fiscal year, we developed and launched a variety of new aluminum electrolytic capacitors, for the expanding automotive market and for 5G and other information and communications devices, as well as for the renewable energy market. In the field of film capacitors for xEV (electric vehicles), we are responding to vigorous demand as many countries accelerate their transition to EVs.

In our NECST (Nichicon Energy Control System Technology) business, which represents a new pillar of our corporate strategy, we are focusing efforts on expanding use of renewable energy through energy storage, as well as energy storage systems and Vehicle to Home (V2H) systems, which contribute to reducing greenhouse gas emissions. As "NICHICON: the Energy Storage Company", we developed a new product for home energy storage systems, the "Tribrid Energy Storage System®" which links the three elements that help to shape a low-carbon society—solar PV power generation, EVs, and storage batteries, which has been highly acclaimed by the market. At the same time, as part of our own efforts to achieve carbon neutrality, we are striving to earn recognition for our ESG performance, for example by joining the international EV100 initiative, which aims at the production of zero-emission vehicles.

As a result, the Group achieved net sales of ¥142,198 million for the consolidated fiscal year, up 22.5% for the year and marking a new record. The Group posted an operating profit of ¥6,427 million for the year, 4.1 times higher than the previous year; an ordinary profit of ¥8,594 million including ¥1,332 million from foreign exchange gains, 2.9 times higher than the previous year; and a record profit attributable to shareholders of the parent company of ¥7,902 million, 4.6 times higher year-on-year.

Looking at performance by product category, net sales of capacitors for electronics amounted to ¥81,966 million, a sharp gain of 30.8% over the previous year, due to higher sales of aluminum electrolytic capacitors for automotive-related equipment and for inverter-related equipment for industrial equipment and white goods.

Net sales of capacitors for electric utilities and power apparatus, and capacitor-applied systems came to ¥19,435 million, up 21.7% for the year, due mainly to significantly higher sales of film capacitors for xEV equipment.

Net sales of circuit products rose to ¥40,416 million, up 8.6% for the year, owing to higher sales of household energy-storage systems and V2H systems in our NECST business, despite weaker sales of switching power supplies due to difficulties with parts procurement.

The Group's net sales broken down by product category are as follows:

Category	86th Fiscal Year (Ended March 31, 2021)		87th Fiscal Year (Ended March 31, 2022)		Year-on-Year Change	
	Net Sales	Percentage to total	Net Sales	Percentage to total	Net Sales	Percentage to total
	(Millions of ¥)	%	(Millions of ¥)	%	(Millions of ¥)	%
Capacitors for electronics	62,644	53.9	81,966	57.6	19,322	30.8
Capacitors for electric utilities and power apparatus, and capacitor-applied systems	15,976	13.8	19,435	13.7	3,459	21.7
Circuit products	37,215	32.1	40,416	28.4	3,200	8.6
Other	237	0.2	379	0.3	142	60.2
Total	116,073	100.0	142,198	100.0	26,124	22.5

(2) Capital Investment

We made a total capital investment of ¥10,127 million during the consolidated fiscal year. Investments were focused on technology and development aimed at growth of new businesses, on boosting production capacity for aluminum electrolytic capacitors, which is our core business, and on establishing a global production system for film capacitors for xEVs.

(3) Financing

Not applicable

(4) Key Issues to be Addressed

The Group engages in (i) capacitor business, centered on electronic devices such as aluminum electrolytic capacitors, conductive polymer aluminum solid electrolytic capacitors, film capacitors, and small lithium-ion rechargeable batteries, and (ii) NECST business, centered on circuit products such as energy storage systems for household, public, and industrial use, various kinds of power supplies, functional modules, and capacitor-applied systems and equipment. In these segments, we are focusing on four key markets—“energy, environment, and medical equipment”; “automobiles and vehicle-related equipment”; “white goods and industrial inverter equipment”; and “information and telecommunications equipment”. In all these areas, we strive to resolve social issues through the development of competitive new products that embody high reliability, high safety, and high functionality, as well as to expand our existing businesses and create new businesses.

i. Capturing business opportunities for the realization of a low-carbon society and advancement of key technologies

In our capacitor business, we will leverage our broad range of aluminum electrolytic capacitor products and our production and sales organizations in Japan and overseas, and strengthen and expand our business foundation across quality, cost, delivery timing, and service, with a focus on the growth markets of mobility, telecommunications, and environment. In the field of film capacitors for xEVs, which we develop and produce ourselves from metallized film, recognizing the rising demand as a growth opportunity, we are aggressively investing management resources to grow sales and enhance our global production system. Continually building on the strengths we have cultivated since establishing ourselves in the capacitor business, we constantly work to strengthen our processes. On the technology side, we are expanding from needs development to product development, as well as “seeds” development through industry-academia collaboration, and on the production side we are implementing KPI target management based on common indicators.

In our NECST business, we are further enhancing our product lineup in response to the megatrend of decarbonization, by taking advantage of our broad range of energy and environment-related products and our power supply technologies, spanning from switching power supplies to applied systems. More specifically, in our environment-related business we are strengthening our response to the growth of the renewable energy and energy storage markets, driven by the worldwide acceleration of decarbonization, and our roll-out of total zero-carbon systems featuring our energy storage and power control technologies. In our EV-related business, we are addressing the accelerating shift to EVs resulting from growing restrictions on gasoline vehicles, by enhancing public charging infrastructure with fast-charging equipment, external power supplies (power movers), and V2H technology. In the switching power supplies segment, we are leveraging our market-leading user responsiveness to aim for further growth, particularly in air conditioning equipment, robots, and growth fields such as 5G networking. In our applied systems and dispersed power supply business, we are aiming to expand globally with large special power supplies and accelerator power supplies for medical and scientific use. At the same time, we are contributing to social infrastructure with our energy storage and energy management technologies. In addition, we are bolstering our alliance strategy and expanding our value-creation business through solutions.

Additionally, we are further accelerating product development efforts to help resolve social challenges, by improving our system for developing unique, market-leading, innovative products and technologies, such as our small lithium-ion rechargeable batteries, household energy storage systems and V2H systems.

ii. Strengthening management to make business less affected by the external environment

New values such as circular economy and sharing economy are gaining increasing international prominence, due to the promotion of SDGs and carbon neutrality. In the “with-COVID-19” era, there is a growing potential for significant business opportunities led by transformation of our industrial structure and social economy. In combination with advances in digital transformation (DX). In response to this, we are seeing dramatic shifts to vehicle electrification and to EV adoption as well as remarkable advances in 5G, AI, IoT, and other digital technologies revolutionizing human lifestyles. Demand for automation and power-saving technology is therefore likely to grow, not only in developed countries, but also in emerging economies. To support this demand, we expect to see renewable energy become increasingly mainstream, as the cost of renewable power generation drops.

Given the current paradigm shift and increasing uncertainty, we believe that the key factors for achieving growth over the medium to long term will be “G: Green (Environment)" and “D: Digital (DX)”.

In the case of G (Environment), as climate change has become a global challenge, related markets will grow further. As a result, we expect to see increasing opportunities for our environment-friendly products and businesses. We are committed to enhancing our competitive advantage by further upgrading our range of products, starting from energy storage systems to expand the application of renewable energy, to various products in our capacitor business and NECST business for addressing climate change needs.

In the area of D (Digital), in June 2021, we established the “Digitalization Promotion Office,” to pursue digital transformation at full scale. Digitalization is essential in terms of strengthening corporate competitiveness. In the post-COVID-19 era particularly, with the prevalence of remote work and other rapid social changes, the promotion of digital transformation is more vital than ever. To achieve business growth, it is not enough to simply produce good products and technologies; it is also essential to enhance profitability by increasing productivity and investment efficiency. By refining our “earning power” through digital transformation, we can create a virtuous cycle of capital investment, R&D investment, and securing outstanding human resources, to set the stage for the next stage of growth. To contribute to a sustainable society, the Nichicon Group must first be profitable and sustainable. Then, with digital transformation as a growth driver, we can streamline and increase the efficiency of all departments of the company, to create business potential and establish a sound basis for profitability.

iii. Setting up and promoting ESG management

With the aim of ensuring that the Nichicon Group is assessed positively in terms of ESG, we have formulated a “Sustainability Policy.” To achieve sustainable growth and increase corporate value, the Group is striving to contribute to the global environment through its products, to strengthen its human resource base through greater workstyle diversity, and to strengthen its system of corporate governance and compliance.

As part of our efforts to address environmental issues, we have installed a complex system that stores up the solar PV power generated at the company's facilities and supplies it efficiently, without waste to charge EVs and power production facilities. Similarly, we are cutting CO2 emissions through new ways of utilizing renewable energy in production plants and other large-scale facilities. Furthermore, we will continue endorsing the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), analyzing the business risks and opportunities arising from climate change, and disclosing information relating to our governance and strategy.

We also believe that "people" are the Group's most valuable asset and the source of its vitality. Accordingly, we put importance on enhancing our human resource base, so that each and every employee can sensitively perceive the needs of our society and our times and think and work (ko-do) with a high level of awareness of compliance, with the opportunity to demonstrate their abilities and realize true fulfillment and personal growth. In terms of our interactions with society, we continue to promote industry-academia collaboration. We will continue to actively promote joint R&D activities with university institutions, for example through the start of a comprehensive industry-academia research collaboration agreement with the Institute of Industrial Science at The University of Tokyo, aimed at developing local forms of energy production for local consumption and contributing to the creation of a smart society.

In addition, for improved corporate governance, we ensure at least one-third of the Company's Board of Directors consists of Outside Directors, to ensure greater transparency in the Board's supervisory and executive responsibility for the Company's management. Furthermore, we established a Nomination and Compensation Committee, to serve as an advisory panel for the Board of Directors. A majority of the panel members are Outside Directors and Outside Company Auditors. The panel's purpose is to ensure the fairness, transparency, and objectivity of procedures relating to the nomination and compensation of directors. To strengthen compliance, we will continue to improve our systems for ensuring proper execution of business and for ensuring the reliability of financial reporting to promote further improvement and implementation of internal controls.

(5) Financial and Profit/Loss Indicators

Category		84th Fiscal Year (Ended March 31, 2019)	85th Fiscal Year (Ended March 31, 2020)	86th Fiscal Year (Ended March 31, 2021)	87th Fiscal Year (Ended March 31, 2022)
Net sales	(Millions of ¥)	122,860	119,675	116,073	142,198
Ordinary profit	(Millions of ¥)	7,122	3,621	3,015	8,594
Profit (loss) attributable to owners of parent	(Millions of ¥)	(7,953)	2,812	1,703	7,902
Profit (loss) per share	(¥)	(114.21)	40.59	24.90	115.50
Total assets	(Millions of ¥)	139,770	139,426	156,008	170,112
Net assets	(Millions of ¥)	81,313	77,450	89,266	94,652
Net assets per share	(¥)	1,137.02	1,104.87	1,274.33	1,350.76

(Notes) 1. Profit or loss per share is calculated based on the average number of issued shares less treasury shares during the period; and net assets per share is calculated based on the number of issued shares less treasury shares at the end of the period.

2. The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) has been applied from the beginning of the 87th fiscal year. The key management indicators for the 87th fiscal year are calculated after applying this accounting standard.

(6) Important Status of Parent Company and Subsidiaries

i. Relationship with Parent Company

Not applicable

ii. Principal Consolidated Subsidiaries

Subsidiary	Capital	Percentage of voting rights held by the Company (%)	Primary business
Nichicon Hi-Tech Foil Corporation	¥80 million	100.0	Manufacture of electrode foils for aluminum electrolytic capacitors
Nichicon (Kusatsu) Corporation	¥80 million	100.0	Manufacture of capacitors for electric apparatus and power utilities, film capacitors, and capacitor-applied systems and equipment
Nichicon (Kameoka) Corporation	¥80 million	100.0	Manufacture of function modules, V2H systems, PTC thermistors, and household energy-storage systems
Nichicon (Ohno) Corporation	¥80 million	100.0	Manufacture of aluminum electrolytic capacitors, electric double-layer capacitors, and small lithium-ion rechargeable batteries
Nichicon (Iwate) Corporation	¥100 million	100.0	Manufacture of aluminum electrolytic capacitors
Nichicon (Wakasa) Corporation	¥84 million	100.0	Manufacture of power supplies and household energy-storage systems
Torishima Electric Works, Ltd.	¥30 million	100.0	Manufacture and sale of transformers and reactors
Nippon Liniax Co., Ltd.	¥15 million	100.0	Manufacture and sale of pressure sensors and measuring instruments
Yutaka Electric Mfg. Co., Ltd.	¥330 million	100.0	Development, design, manufacture, and sale of power supply systems
Nichicon (America) Corporation	US$ 3 million	100.0	Sale of capacitors
Nichicon (Austria) GmbH	EUR 1 million	100.0	Sale of capacitors
Nichicon (Hong Kong) Ltd.	HK$ 5 million	100.0	Sale of capacitors
Nichicon (Singapore) Pte. Ltd.	S$ 8 million	100.0	Sale of capacitors
Nichicon (Taiwan) Co., Ltd.	NT$ 30 million	100.0	Sale of capacitors
Nichicon (Thailand) Co., Ltd.	THB 20 million	49.0	Sale of capacitors
Nichicon Electronics Trading (Shanghai) Co., Ltd.	US$ 500,000	100.0	Sale of capacitors
Nichicon Electronics Trading (Shenzhen) Co., Ltd.	US$ 300,000	100.0	Services associated with the sale of capacitors and circuit products
Nichicon (Malaysia) Sdn. Bhd.	M$ 63 million	100.0	Manufacture and sale of aluminum electrolytic capacitors
Nichicon Electronics (Wuxi) Co., Ltd.	US $75 million	100.0	Manufacture and sale of aluminum electrolytic capacitors and various power supplies
Nichicon Electronics (Suqian) Co, Ltd.	US$ 55 million	100.0	Manufacture and sale of aluminum electrolytic capacitors and capacitors for electric apparatus
Wuxi Nichicon Electronics R&D Center Co., Ltd.	RMB 5 million	100.0	Development and design of power supplies and aluminum electrolytic capacitors

(Notes) 1. The above percentage of voting rights held by the Company includes voting rights held by the Company's subsidiaries.

2. The Company has 21 consolidated subsidiaries and 2 companies accounted for under the equity method.

(7) Principal Businesses of the Nichicon Group (as of March 31, 2022)

The Nichicon Group engages in the manufacture and sale of capacitors for electronics, capacitors for electric apparatus and power utilities, capacitor-applied systems and equipment, and circuit products.

The principal product categories are as follows.

Category	Principal products
Capacitors for electronics	Aluminum electrolytic capacitors, film capacitors, small lithium-ion rechargeable batteries, Posi-R®PTC thermistors
Capacitors for electric utilities and power apparatus, and capacitor-applied systems	Film capacitors for power electronics, energy-storage system for public and industrial use, accelerator power supplies, momentary voltage sag compensators, power outage compensators, power transformers, pressure sensors
Circuit products	Household energy-storage systems, V2H systems, EV quick chargers, switching power supplies, function modules, uninterruptible power-supply systems
Other	Other

(8) Principal Offices and Plants of the Nichicon Group (As of March 31, 2022)

Nichicon Corporation	Head Office		Nakagyo-ku, Kyoto
	Sales offices and other facilities	Tokyo Sales Office	Chuo-ku, Tokyo
		Nagoya Sales Office	Naka-ku, Nagoya
		West Japan Sales Office	Nakagyo-ku, Kyoto
		Power Supply Center	Chuo-ku, Tokyo
Nichicon Hi-Tech Foil Corp.	Ohmachi, Nagano; Ohno, Fukui		
Nichicon (Kusatsu) Corp.	Kusatsu, Shiga		
Nichicon (Kameoka) Corp.	Kameoka, Kyoto		
Nichicon (Ohno) Corp.	Ohno, Fukui; Azumino, Nagano		
Nichicon (Iwate) Corp.	Iwate-cho, Iwate		
Nichicon (America) Corp.	Illinois, United States		
Nichicon (Austria) GmbH	Vienna, Austria		
Nichicon (Hong Kong) Ltd.	Hong Kong, China		
Nichicon (Taiwan) Co., Ltd.	Taipei, Taiwan		
Nichicon (Malaysia) Sdn. Bhd.	Selangor, Malaysia		
Nichicon Electronics (Wuxi) Co., Ltd.	Wuxi, China		
Nichicon Electronics (Suqian) Co, Ltd.	Suqian, China		

(9) Employees (as of March 31, 2022)

i. Employees of the Nichicon Group

Number of employees	Change from end of the previous consolidated fiscal year
5,587	Up 378

ii. Employees of the Company

Number of employees	Change from end of previous fiscal year	Average age	Average length of service
522	Up 16	44.7	10.0 years

(10) Major Lenders (as of March 31, 2022)

Lenders	Loan outstanding
Mizuho Bank, Ltd.	¥3,188 million
The Bank of Kyoto, Ltd.	¥3,188 million
Sumitomo Mitsui Banking Corporation	¥3,188 million
MUFG Bank, Ltd.	¥3,188 million

(11) Other Important Matters Concerning the Current State of the Nichicon Group

The Company and some of its overseas sales subsidiaries have been under investigation by the Japan Fair Trade Commission (JFTC) and regulatory authorities of the European Union, the United States, and other bodies since March 2014 over alleged violations of applicable competition laws arising from the sale of aluminum electrolytic capacitors and tantalum electrolytic capacitors in respective regions and countries. In March 2016, the Company received from the JFTC a cease-and-desist order and an order to pay a surcharge for the investigation in Japan. In September 2016, we appealed against the assessments and judgment that the JFTC's orders were based upon and filed a legal action seeking cancellation of the order. In March 2019, a judgment was handed down to dismiss our claim. In April of the same year the Company instigated an appeal to the court of second instance, which was dismissed In December 2020. The same month, the Company filed a final appeal as well as a petition for acceptance of the appeal with the Supreme Court. However, in October 2021 the final appeal was dismissed and the petition for acceptance of the appeal was turned down.

Outside of Japan, in December 2015, Nichicon (Hong Kong) Ltd., a Company subsidiary, was subjected to a penalty from the Taiwan Fair Trade Commission. In February 2016, the subsidiary appealed against the assessments and judgment on which the penalty was based and filed a legal action. Subsequently, in July 2020, there was a ruling to dismiss the appeal, against which in August of the same year the subsidiary filed a legal action in the Supreme Administrative Court, objecting to the ruling. The case is still ongoing. In addition, in March 2018, the Company was sanctioned by the European Commission with a fine and in May of the same year it filed a lawsuit to appeal the finding and decision of the sanction. The case is still ongoing.

We have already paid the above surcharges and penalty in full within the due period in order to avoid the risk of having to pay delinquency charges. Class action lawsuits in relation to this matter have been filed against us in the United States and Canada. In the case of the U.S., in September 2018 we concluded a settlement with indirect customers involving the payment by us of US$ 21.5 million. Subsequently in December 2018 we concluded a settlement with direct customers involving the payment by us of US$ 90 million. These settlements needed to be officially confirmed by means of court approval procedures. Final approval of the settlement with direct customers was given by the court in May 2019, and final approval of the settlement with indirect customers was given by the court in July 2020. Note that the Canada class action is still ongoing. We will continue to deal with this case appropriately.

We apologize to our shareholders, customers, and other stakeholders for causing concern over these allegations.

As stated earlier, the Company does not agree with the presumptions and judgment upon which the JFTC and other regulatory authorities have based their orders and we will seek a fair judgment from courts in relation to these matters (except in the cases in which judgments have already been made and those that are currently being settled). In the meantime, we have stepped up our efforts to institute more stringent compliance with competition laws and to raise the awareness of legal compliance amongst employees, by updating internal rules, upgrading our internal compliance system, and training and educating employees on compliance. We will spare no effort to ensure that legal compliance is enforced to the letter throughout the organization.

2 Matters Concerning Company Shares

(1) Authorized Number of Shares to Be Issued: 137,000,000 shares

(2) Number of Shares Issued: 68,417,328 shares (excluding 9,582,672 treasury shares)

(3) Number of Shareholders as of the End of the Fiscal Year under Review: 20,860

(4) Ten Largest Shareholders:

Name of shareholder	Number of shares held (thousands)	Percentage of total shares issued (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	10,122	14.8
Custody Bank of Japan, Ltd. (Trust account)	4,598	6.7
The Bank of Kyoto, Ltd.	3,409	5.0
Nichicon suppliers' stock ownership program	3,390	5.0
Mizuho Bank, Ltd.	2,690	3.9
Nippon Life Insurance Company	2,670	3.9
Sumitomo Mitsui Banking Corporation	2,200	3.2
MUFG Bank, Ltd.	2,000	2.9
Nichicon Employees' Shareholding Association	1,635	2.4
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,419	2.1

(Notes) 1. The Company holds 9,582,000 treasury shares, which are excluded from the above table.
2. The percentage of shareholdings (of total shares issued) is calculated after deduction of treasury shares.
3. The number of shares held is rounded down to the nearest thousand shares.

3 Matters Concerning Stock Acquisition Rights, etc. of the Company

(1) State of stock acquisition rights issued as compensation for the execution of duties by Company Directors and Company Auditors

Not applicable

(2) State of stock acquisition rights issued to Employees, etc. as compensation for the execution of duties during the fiscal year under review

Not applicable

(3) Other important matters concerning stock acquisition rights, etc.

Not applicable

4 Matters Concerning Directors and Company Auditors

(1) Directors and Company Auditors (as of March 31, 2022)

Title	Name	Position in the Company and important concurrent positions held in other companies or organizations
Chairman and Chief Executive Officer	Ippei Takeda	CEO
President and Chief Operating Officer	Shigeo Yoshida	COO
Director and Senior Managing Executive Officer	Hitoshi Chikano	General Manager of Financial & Accounting Headquarters and General Manager of PR & Investor Relations Office
Director and Senior Executive Operating Officer	Akihiro Yano	General Manager of Corporate Planning Headquarters and General Manager of Sustainability Office
Director	Kazumi Matsushige	Professor Emeritus at Kyoto University; President of Shikoku University and Shikoku University Junior College; Director of Awa Paper & Technological Company, Inc.
Director	Yasuhisa Katsuta	Trustee of Osaka University of Economics
Director	Shigenobu Aikyo	Director of Hashimoto Sogyo Holdings Co., Ltd.; Director of MODEC Inc.; Company Auditor of Starts Corporation Inc.
Standing Company Auditor	Sachihiko Araki	
Standing Company Auditor	Yoshihiko Nakatani	Senior Researcher at Center of Research for Science and Technology, Ritsumeikan University
Company Auditor	Hideki Ohnishi	
Company Auditor	Masahiro Morise	

(Notes)
1. Kazumi Matsushige, Yasuhisa Katsuta, and Shigenobu Aikyo are Outside Directors.
   The Company has designated Kazumi Matsushige, Yasuhisa Katsuta, and Shigenobu Aikyo as Independent Directors in accordance with the rules established by the Tokyo Stock Exchange and has registered them accordingly with the Stock Exchange.
2. Yoshihiko Nakatani, Hideki Ohnishi, Masahiro Morise are Outside Company Auditors.
3. Hideki Ohnishi, Company Auditor, is a certified tax accountant and has considerable knowledge of financial affairs and accounting.
4. Masahiro Morise, Company Auditor, has been engaged for many years in finance and has considerable knowledge of financial affairs and accounting.
5. The following Directors assumed new positions and responsibilities:

Effective date	Name	New position and responsibilities	Old position and responsibilities
February 1, 2022	Akihiro Yano	Senior Executive Operating Officer General Manager of Corporate Planning Headquarters and General Manager of Sustainability Office	Senior Executive Operating Officer General Manager of Corporate Planning Headquarters

(2) Remuneration of Directors and Company Auditors

i. Policy for determining the details of compensation for directors and company auditors

1. Basic policy

The basic policy is to link remuneration of the Company's directors to shareholder profit, so as to function effectively as an incentive for sustainably improving corporate value, and to determine the appropriate level of remuneration of individual directors based on their particular responsibilities. More specifically, the remuneration of executive directors shall consist of a fixed basic compensation and a performance-linked compensation, whereas Outside Directors, who serve a supervisory function, shall be paid only a fixed compensation, in line with their role and independence.

2. Policy for determining the basic remuneration of individuals

The basic compensation of the Company's directors shall consist of a fixed monthly sum, within the limit for directors decided at the general meeting of shareholders, comprehensively taking into account individual responsibilities and performance, Company performance and trends at other companies, medium to long-term performance, and past remuneration history.

3. Policy for determining the details and amount of performance-linked compensation

To raise awareness of the need to improve business performance in each fiscal year, the Company's performance-linked compensation shall be decided based on the recommendations of the Nomination and Compensation Committee, within the limit decided by the general meeting of shareholders. The amount of compensation shall be in accordance with the role and contribution of the individual over the short, medium, and long term within a specific range of net profit attributable to shareholders of the parent company. The compensation shall be paid yearly at a specific time.

4. Policy for determining the proportion of basic and performance-linked compensation in the remuneration of individual directors

Since the Company's performance-linked compensation is paid within the range of the net profit attributable to the shareholders of the parent company, it will vary substantially depending on the corporate results. As a result, the value of performance-linked compensation as a percentage of basic compensation tends to vary widely from year to year. For this reason, the Company has not established any guidelines regarding the proportion of each component of remuneration.

5. Matters concerning the determination of remuneration of individual directors

The details of the remuneration of individual directors shall be entrusted to the Representative Directors under the approval of the Board of Directors. The authority of the Representative Directors extends to deciding on the basic compensation of individual directors as well as evaluating and apportioning the performance-linked compensation, in consultation among themselves.

To ensure that this authority is appropriately exercised by the Representative Directors, the Board of Directors shall consult with and receive guidance from the Nomination and Compensation Committee, and the Representative Directors who are entrusted with this responsibility must take decisions in accordance with the guidance received.

ii. Total amount of compensation for the fiscal year under review

Category	Amount of compensation (Millions of ¥)	Amount of remuneration by type (millions of ¥)		No. of directors and Company auditors (Number of persons)
		Basic compensation	Bonus	
Director (of which Outside Directors)	195 (20)	160 (20)	35 (-)	7 (3)
Company Auditor (of which Outside Company Auditors)	36 (23)	36 (23)	- (-)	4 (3)
Total (of which Outside Directors and Outside Company Auditors)	232 (43)	197 (43)	35 (-)	11 (6)

(Notes) 1. As per a resolution adopted at the general meeting of shareholders of June 28, 2007, the total remuneration that can be paid to Directors is limited to ¥280 million per year (there were 7 directors as of the end of said general meeting of shareholders), and the total remuneration that can be paid to Company Auditors is limited to ¥50 million per year (there were 3 Company Auditors as of the end of said general meeting of shareholders).

2. The above amount of remuneration paid to Directors does not include employee salaries or bonuses paid to Directors who are also employees of the Company.

3. The remuneration of each Company Auditor is decided by consultation among the Company Auditors, but due to the oversight nature of their auditor's role, they are only paid a fixed compensation.

(3) Outside Directors and Outside Company Auditors

i. The Company's Relationship with the Companies or Organizations in which External Directors or Company Auditors Hold Important Concurrent Positions:

Not applicable

ii. Main Activities during the Fiscal Year under Review

Category	Name	Attendance, remarks and outline of duties performed in relation to the role expected of an Outside Director
Director	Kazumi Matsushige	He attended 11 out of 11 meetings of the Board of Directors during the fiscal year under review. He made statements at suitable times, offering expert insight based on his wealth of knowledge and experience as an academic, adequately fulfilling his role and responsibility of providing highly effective supervision of the Company's management.
Director	Yasuhisa Katsuta	He attended 11 out of 11 meetings of the Board of Directors during the fiscal year under review. He has worked in the financial industry for many years and made statements at suitable times, offering expert insight based on his wealth of knowledge and experience in the fields of finance and accounting, adequately fulfilling his role and responsibility of providing highly effective supervision of the Company's management.
Director	Shigenobu Aikyo	He attended 10 out of 11 meetings of the Board of Directors during the fiscal year under review. He has worked in the financial industry for many years and made statements at suitable times, offering expert insight based on his wealth of knowledge and experience in the fields of finance and accounting, adequately fulfilling his role and responsibility of providing highly effective supervision of the Company's management.
Company Auditor	Yoshihiko Nakatani	He attended 11 out of 11 meetings of the Board of Directors and 16 out of 16 meetings of the Board of Company Auditors during the fiscal year under review. He made statements at suitable times, offering expert insights based on his wealth of knowledge and experience as a technical manager in the private sector and as an academic.
Company Auditor	Hideki Ohnishi	He attended 11 out of 11 meetings of the Board of Directors and 15 out of 16 meetings of the Board of Company Auditors during the fiscal year under review. He made statements at suitable times based on his expert insight, most notably as a certified tax accountant.
Company Auditor	Masahiro Morise	He attended 11 out of 11 meetings of the Board of Directors and 16 out of 16 meetings of the Board of Company Auditors during the fiscal year under review. He made statements at suitable times with expert insight, based on his wealth of experience and operational background.

(Note) Aside from the above-mentioned meetings of the Board of Directors, one written resolution was deemed to have been passed by the Board of Directors in accordance with Article 370 of the Companies Act of Japan and Article 26, Paragraph 2 of the Articles of Incorporation of the Company.

iii. Overview of Agreements Limiting Liability into which the Company entered with Outside Directors and Outside Company Auditors

In accordance with Article 427, Paragraph 1 of the Companies Act of Japan and Article 31, Paragraph 2 and Article 43, Paragraph 2 of the Articles of Incorporation of the Company, the Company has entered into limited liability contracts with its Outside Directors and Outside Company Auditors, which limit the amount of liability for damage as described in Article 423, Paragraph 1 of the Companies Act of Japan to the total of the amounts described in each of the items in Article 425, Paragraph 1 of the Act.

(4) Outline of directors and officers liability insurance contract

In accordance with Article 430-3, Paragraph 1 of the Companies Act, the Company has entered into a directors and officers liability insurance contract with an insurance company, to ensure that its directors and company auditors are able to freely fulfill their expected roles in executing their duties, and to enable the Company to secure outstanding human resources.

i. Persons insured and premiums

The insurance contract covers directors, company auditors, and executive officers of the Company and its subsidiaries (including persons appointed after conclusion of the contract). In the case of the Company and certain subsidiaries, a portion (determined in accordance with the covered person's role) of the insurance premium is borne by the covered individuals. Otherwise the insurance premium is borne by the Company.

ii. Outline of insurance incidents covered by the policy

The insurance policy covers payable damages and litigation expenses incurred by an insured individual as a result of a damages claim arising from the execution of Company-related duties. However, we have taken measures to ensure that directors and other officers perform their work duties with integrity, by excluding insurance coverage of any person that has engaged in bribery or criminal actions or in any kind of intentional misconduct.

5 Matters Concerning Accounting Auditor

(1) Name of Accounting Auditor: Deloitte Touche Tohmatsu LLC

(2) Amount of Compensation Paid to the Accounting Auditor

	Amount paid (Millions of ¥)
Amount of compensation for the fiscal year under review	¥57 million
Total remuneration and fees to be paid to the Accounting Auditor by the Company and its subsidiaries	¥60 million

(Notes) 1. In the audit contract between the Company and the Accounting Auditor, the amount of compensation is not separated into compensation for an audit conducted under the Companies Act of Japan and compensation for an audit conducted under the Financial Instruments and Exchange Act of Japan. Therefore, the above amount of compensation paid to the Accounting Auditor for the fiscal year under review is stated as a total amount.
2. The Company's Board of Company Auditors agreed on the amount of compensation to the Accounting Auditor in accordance with Article 399, Paragraph 1 of the Companies Act of Japan, after having reviewed the audit plan presented by the Accounting Auditor as well as the Auditor's performance of its auditing duties.

(3) Non-Audit Services Entrusted to the Accounting Auditor

One of the Company's subsidiaries pays compensation to the Accounting Auditor for its non-audit services that are outside the services prescribed in Article 2, Paragraph 1 of the Certified Public Accountants Act of Japan.

(4) Policy on Decisions Concerning Dismissal or Non-Reappointment of the Accounting Auditor

The Board of Company Auditors shall determine the content of the proposal to be submitted to a general meeting of shareholders concerning the dismissal or non-reappointment of the Accounting Auditor when the Board of Company Auditors deems it necessary to do so, such as in the event that the Accounting Auditor is hindered from performing proper execution of duty.

Furthermore, if the Accounting Auditor is determined to fall under any of the items set forth in Article 340, Paragraph 1 of the Companies Act of Japan, the Board of Company Auditors, with the unanimous consent of its members, shall dismiss the Accounting Auditor. In such case, a Company Auditor selected by the Board of Company Auditors shall report the dismissal of the Accounting Auditor and reasons for the dismissal at the first general meeting of shareholders to be convened after the said dismissal.

(5) Agreement Limiting Liability Entered into with the Accounting Auditor

Not applicable

(6) Matters Concerning an Order to the Accounting Auditor to Suspend Business

Not applicable

(7) Audit of Financial Reports of the Company's Subsidiaries Conducted by a Certified Public Accountant or an Auditing Firm other than the Company's Accounting Auditor

Not applicable

(8) Matters Concerning the Accounting Auditor Who Resigned during the Fiscal Year under Review

Not applicable

6 Basic Policy on the Control over the Company

As stated in our mission statement, "we strive to attain a better global environment and to dedicate ourselves to creating valued products that will contribute to a brighter future for society." We also strive to live up to our ethical and social responsibilities and to diligently work to exceed the expectations of our shareholders and all other stakeholders, and aim to maximize our corporate value by means of "ko-do (Think and Work)".

Based on the mission statement above, our basic policy on the control over the Company should an acquisition offer be made to the Company, is that the final decision on whether to accept it or not should rest with the shareholders of the Company. Also, in such a case, in the interests of securing and enhancing the Company's value and the shareholders' common interest, we will ensure that all of our shareholders will have sufficient information and a reasonable review period to make an informed judgment through fair and transparent procedures for confirming shareholder intentions.

7 Systems for Ensuring Proper Execution of Business and Their Post-Implementation Status

The matters resolved by the Board of Directors with regard to the systems for the Company to ensure proper execution of business and the post-implementation status of those systems are as follows:

(1) System for Ensuring that Directors and Employees Comply with Laws and Regulations as well as the Articles of Incorporation of the Company in the Execution of their Duties

i. We aim to foster a sound corporate culture in which Directors and employees of the Company and Nichicon Group companies are educated and trained to comply not only with laws and regulations and the Articles of Incorporation and internal rules of the Company, but also with the social codes and ethics as outlined in the Nichicon Group Code of Conduct—which was originally adopted in October 2002 and revised in April 2013—when they perform their duties to fulfill the Company's Mission Statement. The revised Code of Conduct incorporates the requirements outlined in the code of conduct set forth by the Responsible Business Alliance (RBA) (formerly the Electronic Industry Code of Conduct (EICC)) with regard to labor, environment, health and safety, and ethics.

In addition, we have in place the CSR Promotion Committee, chaired by the Representative Director and President of the Company, as an instrument to serve these purposes.

ii. We seek to ensure compliance by having Directors and employees participate in compliance awareness-raising activities and education held in various meetings and all-hands gatherings at the beginning of workdays on a regular basis. We also have in place an internal reporting system (compliance hotline). The Compliance Subcommittee and the Competition Law Compliance Subcommittee under the CSR Promotion Committee are responsible for developing and implementing an internal system that ensures that Directors and employees adhere to laws and regulations as well as the Company rules, and for regularly providing training and materials for compliance-training sessions.

iii. The Internal Audit Office conducts regular internal audits of the Company and Nichicon Group companies to enhance awareness of compliance issues and verify the maintenance of a proper control environment.

iv. We also have a system in place that enables Company auditors to present their opinions and request improvements when they identify a problem with respect to compliance with laws and regulations and the Articles of Incorporation by the Company and Nichicon Group companies.

v. The Nichicon Group Code of Conduct stipulates that the Company takes a firm stance against, maintains no relationships with, and provides no support for the activities of any antisocial forces or bodies that pose a threat to the order and safety of society and that the Company conducts its business in a fair and ethically sustainable manner. We take an uncompromising stance in this matter and have been improving our systems by establishing a dedicated department to address any issues, collecting information, collaborating with external specialists, and conducting in-house educational activities.

(2) System for Preserving and Managing Information Concerning the Execution of Duties by Directors

In order to preserve and manage information concerning the execution of duties by directors of the Company and Nichicon Group companies, we have expanded and updated the regulations related to information, including the Information Management Regulations and the Document Management Regulations, based on the Basic Policy on Information Security. Execution of duties by directors is documented (including in electromagnetic format), and stored and managed in an appropriate and highly searchable manner in accordance with these regulations.

(3) Regulations and Systems for Loss Risk Management

i. The Company and Nichicon Group companies have in place and practice the Risk Management Regulations to avoid losses and risks and to mitigate damages in the event that risks materialize.

ii. To protect the Company from losses and risks, and to continue to earn the trust of society, we have in place the CSR Promotion Committee, chaired by the Representative Director and President of the Company. The Risk Management Subcommittee established under the Committee, in liaison with the CSR Office and the General Affairs Division, conducts a regular compilation and assessment of risks on a company-wide basis, and monitors the status of management of losses and risks. The subcommittee also provides employees with education and training in risk management.

Losses and risks associated with business operations include legal compliance, human rights and labor, safety and health, natural disasters, quality of products and services, environment, information security, export control, and trade credit administration. We have in place a system for eliminating or mitigating these risks, which might have a significant impact on business management.

iii. We have established a system to protect human lives and ascertain the safety of employees and their families in the event of a disaster, and continuously review and upgrade our Business Continuity Planning (BCP) and Business Continuity Management (BCM) in an effort to provide uninterrupted business operations and to ensure a prompt resumption of operations should an interruption occur.

iv. To ensure the accuracy and reliability of financial reporting, we have established an effective risk management system by evaluating and ensuring the execution of internal control activities in accordance with relevant laws and regulations. For the purpose of ensuring the effectiveness of internal control, we also have in place the Internal Control Promotion Committee, chaired by the Representative Director and President of the Company.

(4) System for Ensuring the Efficient Execution of Duties by Directors

i. To accelerate decision-making by Directors and ensure efficient business operations, we have streamlined the number of participants at Board of Directors Meetings and convene extraordinary meetings as needed to facilitate prompt and appropriate decision-making.

The Board of Directors has established a structure to ensure efficient business execution on a company-wide basis, by regularly monitoring the progress status of business execution and formulating improvement measures thereon.

We have in place an executive officer system to separate the function of executing business operations from that of management oversight, which enables expedited management as well as effective and efficient business operations through a clearly defined division of duties and authority and through flexible decision-making that takes into consideration the nature of each operating division.

ii. We have in place Regulations on Divisional Responsibilities, Office Regulations, and Regulations on Management of Affiliated Companies. These regulations, which define the duties and responsibilities that come with each job position and the responsibilities of each organizational unit, are applicable to directors and employees of the Company and Nichicon

Group companies and have been implemented to ensure management efficiency. We conduct regular audits to confirm business and duties are carried out according to these regulations.

(5) Systems for Ensuring the Proper Execution of Business by the Company Group Consisting of the Company and its Subsidiaries

We strive to ensure that the Company and Nichicon Group companies share common values including compliance, fostering a law-abiding spirit, raising business ethics, increasing awareness of risk management, and commitment to social responsibility.

In addition, based on the Regulations on Management of Affiliated Companies and the Regulations on Internal Control over Financial Reporting, we enhance coordination between the Company and Nichicon Group companies—via directions, guidance, and reports—in promoting the internal control system. The Company has instructed Nichicon Group companies to report on their business conditions and financial results on a regular and continuous basis in order to achieve soundness and efficiency in business as a company group and to ensure reliability of the Group's financial reporting.

Company auditors and the Internal Audit Office carry out audits and assessments of the Company and Nichicon Group companies, and report the results and findings to the Board of Directors.

(6) Matters Concerning Employees Assigned to Assist Company Auditors and the Assurance that Such Employees Remain Independent from Directors, and Matters Concerning the Effectiveness of the Instructions Provided to Such Employees

Directors, in consultation with the Board of Company Auditors, appoint and assign employees to the Auditors Office to assist Company auditors. These employees are under the direction of Company auditors, and personnel matters including the appointment, transfer, appraisal, and remuneration of these employees are determined upon advance consultation with and consent of the Board of Company Auditors to ensure their independence from directors.

(7) Systems for Directors and Employees to Report to Company Auditors, Other Systems to Report to Company Auditors, and Systems to Ensure that Audits are Conducted Effectively by Company Auditors

Upon occurrence of matters that may cause serious impact or damage to the Company, directors and employees of the Company and Nichicon Group companies are to report such matters to the Company auditors without delay.

Company auditors may, at any time, request reports as needed from the directors and employees of the Company and Nichicon Group companies.

In addition, we have a system in place that allows Company auditors to attend meetings of the Board of Directors and other important meetings of the Company and Nichicon Group companies and express their opinions, and to request important documents, approval documents, and reports from directors or employees as necessary. Company auditors perform audits by investigating the execution of duties by directors as well as business operations and assets of the Company and Nichicon Group companies, and through reviewing approval documents on important matters.

To ensure greater effectiveness of audits, Company auditors receive on a regular or as-needed basis, updates on internal audits from the accounting auditors and the Internal Audit Office.

Directors and employees of the Company and Nichicon Group companies who report to Company auditors on important matters according to the above-mentioned policies are protected from any unfair treatment.

(8) Post-Implementation Status of Systems for Ensuring Appropriate Execution of Business

i. During the fiscal year under review, the Company's Board of Directors, which is comprised of seven directors, including three outside directors, met 11 times to make important management decisions, and to report on the execution of the Company's business, pursuant to relevant laws as well as the Company's Articles of Incorporation and Regulations Governing the Board of Directors. The Board also reviewed and revised important internal regulations.

ii. The Company held Management Meetings every month, in which the implementation and progress of business plans were reviewed, and important business topics and issues were reported on and discussed.

iii. During the fiscal year under review, the Company's Board of Company Auditors, which is comprised of four Company auditors, including three outside Company auditors, met 16 times to report and exchange ideas on audit plans and results. Company Auditors attended meetings of the Board of Directors and other important meetings of the Company and advised the Company and Nichicon Group companies as needed on important management matters after having received reports from Directors and employees, reviewed approval documents, and conducted on-site audits to understand business issues and risks. The Company has in place three types of audits: audits by Company auditors; audits by accounting auditors; and internal audits. The Company auditors, the accounting auditors, and the Internal Audit Office (responsible for conducting internal audits) collaborated with each other through exchanges of information.

iv. The Internal Audit Office, an organization unit independent of operating divisions of the Company, regularly conducted internal audits of the Company and Nichicon Group companies as part of efforts to enhance legal compliance, and reported the results and findings to the Board of Directors and the Board of Company Auditors.

v. To ensure the accuracy and reliability of financial reporting, the Internal Control Promotion Committee regularly evaluated the Company and Nichicon Group companies for their performance in company-level controls, financial reporting process controls, business process controls, company-level IT controls, and IT application controls, and reported the results and findings to the Board of Directors and the Board of Company Auditors.

vi. The CSR Promotion Committee, which is comprised of the Compliance Subcommittee, the Competition Law Compliance Subcommittee, the Risk Management Subcommittee, the Environmental Management Subcommittee, and the Information Security Subcommittee, held joint sessions every month to promote the implementation of CSR initiatives by the Company and Nichicon Group companies, and provided progress reports to the Board of Directors and the Board of Company Auditors.

Consolidated Financial Statements

(As of March 31, 2022)

(Millions of ¥)

Assets		Liabilities	
Current Assets	**94,997**	**Current Liabilities**	**53,109**
Cash and deposits	17,799	Notes and accounts payable – trade	16,697
Notes and accounts receivable – trade and contract assets	37,099	Electronically recorded obligations	11,556
Electronically recorded monetary claims	5,402	Short-term borrowings	11,600
Securities	500	Current portion of long-term borrowings	1,152
Merchandise and finished goods	12,640	Accounts payable – other	1,909
Work in progress	5,806	Accrued expenses	4,112
Raw materials and supplies	12,696	Income taxes payable	1,280
Other	3,131	Provision for bonuses	1,177
Allowance for doubtful accounts	(78)	Provision for bonuses for directors	35
		Notes payable – facilities	555
Non-Current Assets	**75,089**	Other	3,033
Property, plant and equipment	**39,556**	**Non-Current Liabilities**	**22,349**
Buildings and structures	13,893	Convertible bond-type bonds with share acquisition rights	12,064
Machinery, equipment and vehicles	15,962	Lease obligations	747
Land	5,159	Deferred tax liabilities	5,754
Leased assets	1,055	Provision for product warranties	1,718
Construction in progress	1,591	Retirement benefit liability	1,471
Other	1,895	Other	592
		Total Liabilities	**75,459**
Intangible assets	**1,295**	**Net Assets**	
Investments and other assets	**34,236**	**Shareholders' Equity**	**74,560**
Investment securities	31,293	Share Capital	14,286
Long-term loans receivable	1,995	Capital surplus	16,860
Deferred tax assets	265	Retained earnings	55,039
Retirement benefit asset	410	Treasury shares	(11,626)
Other	814	**Accumulated other comprehensive income**	**17,855**
Allowance for doubtful accounts	(543)	Valuation difference on available-for-sale securities	13,950
		Deferred gains or losses on hedges	(4)
Deferred assets	**25**	Foreign currency translation adjustment	3,908
Bond issuance costs	25	**Non-controlling interests**	**2,237**
		Total Net Assets	**94,652**
Total Assets	**170,112**	**Total Liabilities and Net Assets**	**170,112**

Consolidated Statement of Income

(From April 1, 2021
To March 31, 2022)

(Millions of ¥)

Accounts	Amount
Net sales	**142,198**
Cost of sales	**117,794**
Gross profit	**24,404**
Selling, general and administrative expenses	**17,977**
Operating profit	**6,427**
Non-operating income	**2,557**
Interest and dividend income	552
Share of profit of entities accounted for using equity method	267
Foreign exchange gain	1,332
Other	405
Non-operating expenses	**390**
Interest expense	47
Provision of allowance for doubtful accounts	213
Other	129
Ordinary profit	**8,594**
Extraordinary income	**1,091**
Gain on sale of non-current assets	2
Gain on sale of investment securities	1,088
Extraordinary loss	**97**
Loss on disposal of non-current assets	27
Impairment losses	69
Profit before income taxes	**9,587**
Income taxes-current	1,598
Income taxes-deferred	(53)
Profit	**8,043**
Profit attributable to non-controlling interests	141
Profit attributable to owners of parent	**7,902**

Consolidated Statement of Changes in Shareholders' Equity

From April 1, 2021 To March 31, 2022

(Millions of ¥)

	Shareholders' Equity				
	Share Capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2021	14,286	16,860	48,916	(11,625)	68,438
Changes during period					
Dividends of surplus			(1,778)		(1,778)
Profit attributable to owners of parent			7,902		7,902
Purchase of treasury shares				(1)	(1)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	6,123	(1)	6,122
Balance as of March 31, 2022	14,286	16,860	55,039	(11,626)	74,560

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance as of April 1, 2021	18,512	-	236	18,749	2,079	89,266
Changes during period						
Dividends of surplus						(1,778)
Profit attributable to owners of parent						7,902
Purchase of treasury shares						(1)
Net changes in items other than shareholders' equity	(4,562)	(4)	3,672	(893)	157	(736)
Total changes during period	(4,562)	(4)	3,672	(893)	157	5,386
Balance as of March 31, 2022	13,950	(4)	3,908	17,855	2,237	94,652

Notes to Consolidated Financial Statements

1. Significant Accounting Policies Applied in the Preparation of the Consolidated Financial Statements

(1) Scope of Consolidation

i. Consolidated subsidiaries

- Number of consolidated subsidiaries: ··········21
- Names of consolidated subsidiaries:············Nichicon Hi-Tech Foil Corp.; Nichicon (Kusatsu) Corp.; Nichicon (Kameoka) Corp.; Nichicon (Ohno) Corp.; Nichicon (Iwate) Corp.;
Nichicon (Wakasa) Corp.; Torishima Electric Works, Ltd.; Nippon Liniax Co., Ltd.; Yutaka Electric Mfg. Co., Ltd.;
Nichicon (America) Corp.; Nichicon (Austria) GmbH;
Nichicon (Hong Kong) Ltd.; Nichicon (Singapore) Pte. Ltd.;
Nichicon (Taiwan) Co., Ltd.; Nichicon (Thailand) Co., Ltd.;
Nichicon Electronics Trading (Shanghai) Co., Ltd.;
Nichicon Electronics Trading (Shenzhen) Co., Ltd.;
Nichicon (Malaysia) Sdn. Bhd.;
Nichicon Electronics (Wuxi) Co., Ltd.;
Nichicon Electronics (Suqian) Co., Ltd.;
Wuxi Nichicon Electronics R&D Center Co., Ltd.

ii. Non-consolidated subsidiaries

- Non-consolidated subsidiaries: Harbor Electronics Co., Ltd. and three other companies
- Reason for exclusion of these companies from the scope of consolidation: ········ Their insignificance in light of their assets, net sales, profit or loss (to the extent corresponding to the Company's shareholding), retained earnings (to the extent corresponding to the Company's shareholding), and other factors.

(2) Application of Equity Method

i. Non-Consolidated Subsidiaries or Affiliated Companies Accounted for under the Equity Method

- Number of non-consolidated subsidiaries and affiliated companies accounted for under the equity method: ··········· 2
- Names of non-consolidated subsidiaries and affiliated companies accounted for under the equity method: ··········· Samwha Electric Co., Ltd. and Taicon Corporation

ii. Non-Consolidated Subsidiaries or Affiliated Companies not Accounted for under the Equity Method

- Names of non-consolidated subsidiaries and affiliated companies not accounted for under the equity method: ············ Harbor Electronics Co., Ltd. and four other companies.
- Reason these companies are not accounted for under the equity method: ····· Their insignificance in light of their profit or loss (to the extent corresponding to the Company's shareholding), retained earnings (to the extent corresponding to the Company's shareholding), and other factors.

iii. Special Note on the Procedure of Equity Method Application

For those companies that are accounted for under the equity method and whose balance sheet dates are different from the consolidated balance sheet date, financial statements as of their balance sheet dates are used in preparing the consolidated financial statements.

(3) Balance Sheet Dates of Consolidated Subsidiaries

Five of the consolidated subsidiaries have balance sheet dates different from the consolidated balance sheet date.

The year-end closing date of Nichicon Electronics Trading (Shenzhen) Co., Ltd. is December 31. In preparing the consolidated financial statements, we used the pro-forma financial statements prepared by this subsidiary as of the consolidated balance sheet date.

The balance sheet dates of four subsidiaries other than Nichicon Electronics Trading (Shenzhen) Co., Ltd.in China also were December 31. We used the financial statements prepared by these four subsidiaries as of their consolidated balance sheet dates and made consolidating adjustments for significant transactions that occurred between their balance sheet dates and the consolidated balance sheet date in preparing the consolidated financial statements.

(4) Accounting Policies

i. Standards and Methods Used to Value Significant Assets

(a) Standards and methods used to value securities

Held-to-maturity debt securities: Held-to-maturity debt securities are amortized in equal installments over the term held (straight-line method).

Available-for-sale securities:

Stocks or other securities other than those without market value:	Fair value method is applied (Unrealized gains and losses are all directly charged or credited to net assets. Cost of sales is determined principally by the moving average method).
Stocks or other securities without market value:	Stated principally at cost determined by the moving average method.

(b) Standards and methods used to value inventories

Merchandise and finished goods, and work in progress:	Merchandise and finished goods as well as work in progress are in principle, valued at cost as determined by the gross average method. (The amount shown on the balance sheet is based on the written-down book value to reflect lower profitability.)
Raw materials and supplies:	Raw materials and supplies are in principle valued at cost as determined by the moving average method. (The amount on the balance sheet is based on the written-down book value to reflect lower profitability.)

ii. Methods Used to Depreciate Significant Depreciable Assets

(a) Tangible fixed assets (excluding leased assets): Depreciation of tangible fixed assets is, in principle, computed using the declining balance method.

The straight-line method is applied to buildings (excluding attached facilities) acquired on and after April 1, 1998, and facilities attached to buildings and structures acquired on or after April 1, 2016.

The useful life of major buildings and equipment is as follows:

Buildings and structures: 3 to 50 years

Machinery, equipment and vehicles: 2 to 12 years

(b) Intangible fixed assets (excluding leased assets): Depreciation of intangible fixed assets is computed using the straight-line method.

Software for internal use is amortized using the straight-line method over an estimated useful life of five years.

(c) Leased assets: Leased assets are depreciated using the straight-line method with their useful life being the lease period and with no residual value.

iii. Standards Used to Account for Significant Allowances and Provisions

(a)	Allowance for doubtful accounts:	To prepare for credit losses on accounts receivable, allowances for uncollectible receivables are provided for ordinary receivables based on a historical write-off ratio, and for specific bad debts based on a case-by-case determination of collectability by the management.
(b)	Provision for product warranties:	Provision for product warranties is recorded, based on historical experience and estimated costs of providing, during a warranty period, free-of-charge services for the products it sells.
(c)	Provision for bonuses:	To provide for bonus payments to employees, provisions are made based on the estimated amount of payments for the portion corresponding to the current consolidated fiscal year.
(d)	Provision for bonuses for directors:	To provide for bonus payments to directors and Company auditors, provisions are made based on the estimated amount of payments for the portion corresponding to the current consolidated fiscal year.

iv. Standards Used to Recognize Revenue and Expenses

(a) Sale of products

The Group engages in the manufacture and sale of capacitors and related products. The Group, having taken into consideration indicators related to the transfer of control of its products, such as physical possession, transfer of significant risks and economic benefit associated with ownership, has determined that control over a product is transferred to the customer and performance obligations are satisfied at the time of delivery of the product. Accordingly, the Group recognizes revenue from the sale of products upon delivery. Consideration for transactions relating to the sale of products are typically received within six months.

(b) Service Contracts

The Group conducts some of its transactions involving capacitors and related products by way of service contracts. For such contracts, the Group deems that it has transferred control over the assets to the customer over a specific period of time, since the fulfillment of its obligation does not create any assets that can be deployed for other businesses, and it has an enforceable right to receive payment for the contractual obligations it has fulfilled to date. Accordingly, the Group recognizes sales over the term of the contract based on the progress of fulfillment of contractual obligations measured at the end of each reporting period. Note that in the case of contracts with a very short term from the date of transaction commencement to the date when all contractual obligations are expected to be fulfilled, revenue is recognized at the point in time when all contractual obligations have been fulfilled. Consideration for transactions relating to service contracts (receivables arising from contracts with customers) are usually received within one year, in accordance with separately defined terms of payment.

v. Standards Used to Convert Significant Assets and Liabilities Denominated in Foreign Currencies into Japanese Yen

Assets and liabilities denominated in foreign currencies are converted into Japanese yen based on spot exchange rates in effect on the consolidated balance sheet date, and foreign exchange differences are recognized as income or loss. Assets and liabilities of our overseas consolidated subsidiaries are converted into Japanese yen based on spot exchange rates in effect on the consolidated balance sheet date, and their revenues and expenses are converted into Japanese yen using the average rates during the period concerned; foreign exchange differences are booked in foreign currency translation adjustment and non-controlling interests in the net assets section of the consolidated balance sheet.

vi. Important Hedge Accounting Method

(a)	Hedge accounting method:	The deferred hedge accounting method is principally applied. The appropriation method is applied for forward exchange contracts that fulfill the conditions for appropriation.
(b)	Means of hedging and hedged Items:	Means of hedging: Foreign exchange contracts Hedged items: Foreign currency-denominated monetary claims
(c)	Hedging policy:	The Group enters into derivative transactions as a means of hedging foreign exchange risks. It does not engage in derivative trading for speculative purposes.
(d)	Method for assessing hedging effectiveness:	Effectiveness is judged based on the degree of market fluctuation of the hedged item during the period from hedge commencement to the time when the effectiveness is judged.

vii. Other Important Considerations in Preparing Consolidated Financial Statements

(a) Standards used to account for Retirement Benefit Liability

Retirement benefit liability was booked based on the amount of benefit obligations projected at the end of the current consolidated fiscal year, net of the amount of pension assets, in order to prepare for payment of retirement benefits to employees. Actuarial differences and past service costs are booked as a lump-sum expense in the consolidated fiscal year of their incurrence.

(b) Accounting for Deferred Assets

The straight-line method is applied to bond issuance costs over the redemption period of five years.

(c) Application of the consolidated tax payment system

The Company and some consolidated subsidiaries have adopted the consolidated tax payment system with the Company being the consolidated parent company for tax payment purposes.

(d) Application of tax effect accounting pertaining to the transition from Consolidated Tax Payment System to Group Company Aggregate Tax Payment System

The Company and some consolidated subsidiaries will be transitioning from a consolidated tax payment system to a group company aggregate tax payment system from the next consolidated fiscal year. However, for items reconsidered in the context of the transition to the group company aggregate tax payment system and the revisions to the single company tax payment system established by the enactment of the Partial Amendment of the Income Tax Act (Act No. 8 of 2020), the Company does not rely on the provision of Section 44 on "The Accounting Standard Application Guideline for Tax Effect Accounting" (in The Corporate Accounting Standard Application Guideline, No. 28, dated February 16, 2018), and, instead, relies on the provision of Section 3 on "Handling of Tax Effect Accounting Related to Transition from Consolidated Tax Payment System to Group Company Aggregate Tax Payment System" (Business Practice Report, No. 39 dated March 31, 2020) and accounts for deferred tax assets and deferred tax liabilities based on the taxation laws before their amendments. From the start of the next consolidated fiscal year, the Company intends to apply "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (ASBJ, PITF No. 42, August 12, 2021), which defines the handling of disclosure for corporate and local income taxes, as well as tax effect accounting, in the case of group aggregate tax payment.

2. Notes on Changes in Accounting Policy

(Application of accounting standard for revenue recognition)

The Group has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards from the start of the current consolidated fiscal year. Accordingly, it recognizes revenue as the amount it expects to receive in exchange for promised goods or services at the time when control of the goods or services is transferred to the customer.

The main changes resulting from the application of the Accounting Standard for Revenue Recognition are as follows.

・ Previously, the Percentage of Completion method was applied to service contracts for which the results could be reliably estimated, and the Inspection method was applied to other service contracts. However, starting in the current consolidated fiscal year, we are estimating the degree of progress in fulfilling performance obligations that are met over a certain period of time. Under this new method, revenue is recognized over the contract period in accordance with the degree of progress. Note that in the case of contracts with a very short term from the date of transaction commencement to the date when all contractual obligations are expected to be fulfilled, revenue is recognized at the point in time when all contractual obligations have been fulfilled.

・ Previously, consideration paid to customers, such as rebates, was partly recorded as sales promotion expense under selling, general and administrative expenses, but such amounts are now accounted for as a deduction from net sales.

In accordance with the transitional treatment allowed under the proviso of paragraph 84 of the Accounting Standard for Revenue Recognition, the new accounting policy has been applied from the opening balance of the current consolidated fiscal year, by adjusting the opening balance of retained earnings by the cumulative impact to retained earnings had the new accounting policy been applied retrospectively from before the beginning of the current consolidated fiscal year. However, the new accounting policy was not applied retrospectively to contracts for which almost all revenue amounts had been recognized using the previous accounting method prior to the beginning of the current consolidated fiscal year, in accordance with the method defined in paragraph 86 of the Account Standard for Revenue Recognition. Note that the impact on consolidated financial statements is negligible.

"Notes and accounts receivable-trade," which was presented under "Current assets" in the consolidated financial statements of the previous consolidated fiscal year is included under "Notes and accounts receivable--trade and contract assets" from the current consolidated fiscal year.

(Application of accounting standard for fair value measurement, etc.)

The Group has adopted the new accounting policy as defined by the new Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) (hereinafter "Accounting Standard for Fair Value Measurement") from the start of the current consolidated fiscal year. It will continue to comply with the Accounting Standard for Fair Value Measurement, etc. in future, in accordance with the transitional treatment allowed under paragraph 19 of the standard and paragraph 44-2 of the Accounting Standards for Financial Instruments (ASBJ Statement No. 10, July 4, 2019).

Additional notes on matters relating to the breakdown of financial instruments in accordance with their fair value are provided in "Notes on Financial Instruments."

3. Notes on Changes in Presentation Method

(Consolidated Statement of Income)

"Subsidy income" (¥108 million in the current consolidated fiscal year), which was presented separately up to the previous fiscal year is now included in "Other" under "Non-operating income" from the current consolidated fiscal year due to the fact that it has become an insignificant amount.

4. Notes on Accounting Estimates

(1) Impairment loss on tangible fixed assets

i. Amounts recorded on the consolidated financial statements for the consolidated fiscal year ended March 31, 2022

As of March 31, 2022, the Group has booked a total of ¥39,556 million of tangible fixed assets, including ¥13,893 million of buildings and structures and ¥15,962 million of machinery, equipment and vehicles. The Group also recorded impairment losses of ¥69 million in the current consolidated fiscal year, relating to idle assets such as machinery, equipment and vehicles.

ii. Information concerning the contents of significant accounting estimates on identified asset items

The Group owns tangible fixed assets such as buildings and structures, machinery, equipment, and vehicles that are used for manufacturing and sale of capacitors and capacitor-related products. The Group identifies assets and asset groups based on product classification used for performance management. During the current consolidated fiscal year, we identified indications of impairment in the following asset groups: certain items in capacitors for electronics, capacitors for electric utilities and power apparatus, capacitor-applied systems, and circuit products. As a result of the comparison between the total of undiscounted future cash flows expected from the aforementioned asset groups and their book values, we verified that the amount of total undiscounted future cash flow exceeds the book value. Therefore, no impairment losses have been recognized except for idle assets.

Undiscounted future cash flow is calculated taking into account factors such as the use value based on a business plan, including market trends and anticipated production plans based on the market trends, approved by management. Cash flows for periods subsequent to the final year of a business plan are calculated using the estimated growth rate taking into consideration the relevant business environment.

In the event that future business plans require a review for reasons such as deterioration in market environment compared with our assumptions, the Group may recognize impairment losses in the following consolidated fiscal year.

(2) Recoverability of Deferred Tax Assets

i. Amounts recorded on the consolidated financial statements for the consolidated fiscal year ended March 31, 2022

As of March 31, 2022, the Group recorded ¥265 million of deferred tax assets and ¥5,754 million of deferred tax liabilities (deferred tax assets and deferred tax liabilities are presented on a net basis per same taxable entity.)

ii. Information concerning the contents of significant accounting estimates on identified asset items

The Group recorded important deferred tax assets relating to tax losses carried forward. The amount of tax losses carried forward that is deemed recoverable based on the estimated taxable income (before deducting tax losses carried forward) for the following fiscal year is recorded as deferred tax assets.

Estimated taxable income for the following fiscal year is calculated on the basis of the business plan, including market trends and anticipated production plans based on the market trends, approved by the management.

In the event that future business plans require a review for reasons such as deterioration in market environment compared with our assumptions, the Group may reverse the accounting for deferred tax assets in the following consolidated fiscal year to the extent deemed unrecoverable.

5. Notes on the Consolidated Balance Sheet

(1) Receivables arising from contracts with customers

The amounts of receivables arising from contracts with customers included in "notes and accounts receivable-trade and contract assets" are as follows:

Notes receivable: ¥1,250 million Accounts receivable: ¥35,609 million

(2) Accumulated Depreciation on Property, Plant and Equipment ¥139,977 million

(3) Deduction Entries from Acquisition Costs for Non-Current Assets

Buildings and structures: ¥1,815 million Machinery, equipment and vehicles: ¥3,850 million

Land: ¥1,161 million

(4) Investigations by Anti-Competition Regulatory Authorities and Related Class Action Lawsuits

The Group had been under investigation by anti-competition regulatory authorities in several countries over the sale of electrolytic capacitors. However, all investigations by these authorities have been completed and all fines imposed as a result of the investigations have now been paid in full by the Group.

As for class action lawsuits associated with these matters, the Group has now reached settlement with parties involved in the United States, and court approval procedures in relation to these settlements have been completed. As for class action lawsuits filed against the Group in Canada, we will continue to address them appropriately. As these procedures are ongoing, final conclusion might have future consequences on the Group's business results.

6. Notes on the Consolidated Statement of Income

Impairment loss

In the current consolidated fiscal year, the Group recorded impairment losses on the following assets.

Purpose of Asset	Location	Type	Impairment loss
Idle assets	Ohno City, Fukui	Machinery, equipment and vehicles	¥36 million
Idle assets	Wuxi, China	Machinery, equipment and vehicles, etc.	¥32 million

As a rule, the Group groups assets deployed in operations by business segment and idle assets by individual assets.

In the current consolidated fiscal year, the book value of idle assets owned by consolidated subsidiaries Nichicon Hi-Tech Foil Corp. and Nichicon Electronics (Wuxi) Co., Ltd. for which commencement of production and anticipated production volume are highly uncertain, were reduced to their recoverable value. The reduction in values were recorded as impairment losses.

7. Notes on the Consolidated Statement of Changes in Shareholders' Equity

(1) Matters Concerning the Total Number of Issued Shares (Unit: Thousand shares)

Type of shares	Number of shares as of April 1, 2021	Number of shares increased in the current consolidated fiscal year	Number of shares decreased in the current consolidated fiscal year	Number of shares as of March 31, 2022
Common stock	78,000	-	-	78,000

(2) Matters Concerning the Number of Treasury Shares (Unit: Thousand shares)

Type of shares	Number of shares as of April 1, 2021	Number of shares increased in the current consolidated fiscal year	Number of shares decreased in the current consolidated fiscal year	Number of shares as of March 31, 2022
Common stock	9,581	0	-	9,582

Note: The increase of 0 thousand treasury shares resulted from the repurchase of fractional shares.

(3) Matters Concerning Dividends of Surplus

i. Dividends Paid

a. Matters concerning dividends in accordance with the resolution adopted at the 86th Ordinary General Meeting of Shareholders held on June 29, 2021:

- Aggregate amount of dividends ¥889 million
- Dividend per share ¥13.00
- Record date March 31, 2021

• Effective date June 30, 2021

b. Matters concerning dividends in accordance with the resolution adopted at the meeting of the Board of Directors held on November 9, 2021

• Aggregate amount of dividends ¥889 million
• Dividend per share ¥13.00
• Record date September 30, 2021
• Effective date December 8, 2021

ii. Dividends whose dates of record fell during the current consolidated fiscal year and effective dates fell on or after April 1, 2022

A proposal will be made as follows at the 87th Ordinary General Meeting of Shareholders to be held on June 29, 2022:

• Aggregate amount of dividends ¥957 million
• Source of dividends Retained earnings
• Dividend per share ¥14.00
• Record date March 31, 2022
• Effective date June 30, 2022

8. Notes on Financial Instruments

(1) Matters Concerning the Status of Financial Instruments

i. Policy on Financial Instruments

The Group raises funds to finance working capital and capital expenditure principally through bank borrowings and the issuance of convertible bond-type bonds with share acquisition rights. The Group deposits temporary surplus funds in financial products with low risk. We use derivatives only to hedge currency risks associated with trade credits denominated in foreign currencies and not for speculative purposes.

ii. Details of Financial Instruments, Their Risks and Risk Management System

Trade credits such as notes receivable and accounts receivable including electronically recorded monetary claims are subject to credit risks to our customers. To manage such credit risks, we keep track of due dates and account balances of each customer and perform a by-customer credit review annually pursuant to our credit management regulations. Accounts receivable denominated in foreign currencies are subject to foreign exchange risks.

Pursuant to our securities management regulations, we hold securities and held-to-maturity debt securities classified as investment securities only with high credit ratings to minimize their credit risks. Stocks we hold as investment securities are those issued by corporations with which we have business relationships and are subject to market risks. We review, on an on-going basis, the risk of owning such stocks by monitoring their market prices and the issuers' (our business partners') financial soundness regularly and by taking into consideration the relationships we have with them.

Short-term and long-term loans receivable are from our affiliated companies, whose financial soundness we monitor regularly.

Trade debts such as notes payable, accounts payable, and electronically recorded obligations in our possession have due dates within one year.

Short-term and long-term borrowings are for the purpose of procuring operating capital and funds for equipment. This financing is obtained from our banks.

The convertible bond-type bonds with share acquisition rights are for the purpose of procuring necessary funds for equipment, payment for long-term loans, and acquisition of treasury shares.

We engage in and manage derivative transactions in accordance with our derivative management regulations. To minimize credit risks associated with derivative transactions, we enter into transactions only with financial institutions with high credit ratings.

Trade debts and borrowings are subject to liquidity risks (risks of settling liabilities on due dates). Each company in the Group has devised a monthly cash management plan to manage its liquidity risks.

(2) Matters Concerning Fair Values of Financial Instruments

The following table shows the amounts of financial instruments recognized on the consolidated balance sheet, their fair values, and the differences between them as of March 31, 2022, which was the consolidated balance sheet date.

	Consolidated balance sheet amount (Millions of ¥)	Fair value (Millions of ¥)	Difference (Millions of ¥)
(1) Securities and investment securities			
i. Held-to-maturity debt securities	802	800	(2)
ii. Available-for-sale securities	26,745	26,745	-
iii. Shares of subsidiaries and associates	1,247	4,128	2,881
(2) Short-term and long-term loans receivable (*2)	2,170		
Allowance for doubtful accounts (*3)	(313)		
	1,856	1,856	-
Total assets	30,651	33,531	2,879
(1) Convertible bond-type bonds with share acquisition rights	12,064	12,435	371
(2) Long-term borrowings (*4)	1,152	1,151	(0)
Total liabilities	13,216	13,587	371
Derivative transactions (*5)	(5)	(5)	-

*1 We have not included any notes on cash. We have also not provided any notes on deposits, notes and accounts receivable-trade and contract assets, electronically recorded monetary claims, notes and accounts payable-trade, electronically recorded obligations, and short-term borrowings, since their book value approximates fair value due to their settlement within a short period of time.
*2 Short-term and long-term loans receivable include short-term loans receivable and current portions of long-term loans included in "Other" under "Current Assets" on the consolidated balance sheet.
*3 Deduction of allowance for doubtful accounts specifically provided for on long-term loans receivable.
*4 Long-term borrowings include current portion of long-term borrowings.
*5 Credits and debts arising from derivative transactions are netted, and if resulting in a net liability, shown in brackets.

Note 1: Stocks or other securities without market value

Category	Consolidated balance sheet amount (millions of ¥)
Unlisted stocks	2,998

Stocks and other securities without market value are not included in "(1) Securities and investment securities."

Note 2: Amounts to be redeemed after the consolidated balance sheet date from monetary credits and securities with maturity

	Due in one year or less (Millions of ¥)	Due in more than one but less than five years (Millions of ¥)	Due in more than five but less than 10 years (Millions of ¥)	Due in more than 10 years (Millions of ¥)
Securities and investment securities				
Held-to-maturity debt securities	500	302	-	-
Short-term and long-term loans receivable	172	699	786	512
Total	672	1,001	786	512

Note 3: Amounts to be repaid on monetary liabilities after the consolidated balance sheet date

	Due in one year or less (Millions of ¥)	Due in more than one and up to two years (Millions of ¥)	Due in more than two and up to three years (Millions of ¥)	Due in more than three and up to four years (Millions of ¥)	Due in more than four years (Millions of ¥)
Convertible bond-type bonds with share acquisition rights	-	-	12,000	-	-
Long-term borrowings	1,152	-	-	-	-
Total	1,152	-	12,000	-	-

(3) Matters Concerning the Breakdown of Fair Values of Financial Instruments by Suitable Category

Fair value of financial instruments is classified into the three levels below according to the observability and significance of the inputs used in calculating their fair value.

Level 1: Fair value calculated based on inputs such as assets or liabilities whose value can be observed as quoted prices in active markets

Level 2 : Fair value calculated based on inputs other than quoted prices included within Level 1 that are observable for the assets and liabilities

Level 3 : Fair value calculated based on unobservable inputs for the assets or liabilities

When multiple inputs that have a significant influence on the calculation of fair value are used, the relevant financial instrument is classified in the level where the used input with the lowest priority belongs.

i. Financial instruments recorded on the consolidated balance sheet at fair value

(Millions of ¥)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities	26,745	-	-	26,745
Total assets	26,745	-	-	26,745
Derivative transactions				
Currency-related	-	5	-	5
Total liabilities	-	5	-	5

ii. Financial instruments other than financial instruments recorded on the consolidated balance sheet at fair value

(Millions of ¥)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Held-to-maturity debt securities	-	800	-	800
Shares of subsidiaries and associates	4,128	-	-	4,128
Short-term and long-term loans receivable	-	2,170	-	2,170
Allowance for doubtful accounts	-	(313)	-	(313)
	-	1,856	-	1,856
Total assets	4,128	2,656	-	6,785
Convertible bond-type bonds with share acquisition rights	-	12,435	-	12,435
Long-term borrowings	-	1,151	-	1,151
Total liabilities	-	13,587	-	13,587

Note: Explanation of evaluation method and inputs involved in calculating fair value

Securities and investment securities

Since the fair value of corporate bonds is based on the prices quoted by dealing financial institutions, fair value is classified as Level 2. The fair value of listed stocks is valued using quoted market prices. Since listed stocks are traded in robust markets, their fair value is classified as Level 1.

Short-term and long-term loans receivable

Fair value is calculated by discounting the total present value of principal and interest at the interest rate that would apply to provision of an equivalent new loan, which is classified as Level 2.

Convertible bond-type bonds with share acquisition rights

Since the fair value is based on the prices quoted by dealing financial institutions, it is classified as Level 2.

Derivative transactions

Since the fair value of foreign exchange contracts is based on the prices quoted by dealing financial institutions, it is classified as Level 2.

Long-term borrowings (including current portion of long-term borrowings)

Fair value is calculated by discounting the total present value of principal and interest at the interest rate that would apply to an equivalent new borrowing, which is classified as Level 2.

9. Notes on Real Property Held for Rental or Investment

No notes are provided due to the immateriality of the gross amount of the real property held for rental or investment.

10. Notes on Revenue Recognition

(1) Information on breakdown of revenues arising from contracts with customers

(Millions of ¥)

	Product category				
	Capacitors for electronics	Capacitors for electric utilities and power apparatus, and capacitor-applied systems	Circuit products	Other	Total
Net sales					
(Location)					
Japan	22,040	14,091	26,963	379	63,474
U.S.A.	7,398	4,614	4	-	12,017
Asia	43,916	713	13,448	-	58,079
Europe and other regions	8,611	15	-	-	8,627
Total	81,966	19,435	40,416	379	142,198
(Timing of revenue recognition)					
Goods transferred at a specific point in time	81,966	18,005	40,416	379	140,768
Goods transferred over a specific period of time	-	1,429	-	-	1,429
Total	81,966	19,435	40,416	379	142,198

(2) Base information for understanding revenues arising from contracts with customers
The information that serves as the basis for understanding revenues from contracts with customers is described under 1. Significant Accounting Policies Applied in the Preparation of the Consolidated Financial Statements, (4) Accounting Policies, iv. Standards Used to Recognize Revenue and Expenses.

(3) Information for understanding amounts of revenue in current and subsequent consolidated fiscal years
Contract assets principally reflect the Group's rights to consideration for fulfilling performance obligations over a specific period of time, and at the point in time when such rights to payment become unconditional, are transferred to receivables. Receivables arising from contracts with customers are usually received within one year, in accordance with separately defined terms of payment.
Contract liabilities are primarily consideration received from customers before delivery of products. On the consolidated balance sheet they are included in "Other" under "Current liabilities."

i. Balance of contract assets and contract liabilities

	Current consolidated fiscal year
Contract assets	¥239 million
Contract liabilities	¥328 million

Of the revenue recognized during the current consolidated fiscal year, no part was included in the opening balance of contract liabilities. In the current consolidated fiscal year, there was no recognized revenue from performance obligations satisfied in prior fiscal years.

ii. Transaction value allocated to unsatisfied performance obligations
The total transaction value allocated to unsatisfied performance obligations in contracts with customers and the period over which the revenue is expected to be recognized are as follows:

	Current consolidated fiscal year
Due in one year or less	¥396 million
Due in more than one year	¥ - million
Total	¥396 million

Since the Group has no transactions with specific contract periods longer than one year, except for the above, information on unsatisfied performance obligations is omitted for contracts with an initial expected contract period of one year or less by application of the practical expedient. There are also no significant amounts of consideration arising from contracts with customers that are not included in the transaction price.

11. Notes on Per Share Information
(1) Net assets per share: ¥1,350.76
(2) Net profit per share: ¥115.50

12. Notes on Significant Subsequent Events
Not applicable

13. Other Notes
Japanese yen accounts are presented in millions of yen and are rounded down to the nearest million yen.

(Additional Information)
(Accounting Estimates in Relation to the COVID-19 Pandemic)
As for the economic environment surrounding the Group, although uncertainty remains due to concerns over a resurgence of COVID-19 cases that may prolong economic recovery, we expect to see a gradual, sustained recovery as economic activity picks up again around the world. Accounting estimates such as impairment losses on non-current assets and recoverability of deferred tax assets are based on these assumptions. Please note that there is a high level of uncertainty in these assumptions. Should it take longer than anticipated for the pandemic to subside, and the adverse effect of COVID-19 on the economy is prolonged, we might incur losses in the future.

Balance Sheet

(As of March 31, 2022)

(Millions of ¥)

Assets		Liabilities	
Current Assets	**54,513**	**Current Liabilities**	**36,947**
Cash and deposits	4,951	Notes payable – trade	190
Notes receivable - trade	863	Electronically recorded obligations	1,765
Electronically recorded monetary claims	5,268	Accounts payable – trade	17,959
Accounts receivable	37,022	Short-term borrowings	11,600
Contract assets	239	Current portion of long-term borrowings	1,985
Securities	99	Accounts payable – other	1,234
Merchandise and finished goods	2,001	Accrued expenses	971
Work in progress	159	Income taxes payable	576
Raw materials and supplies	411	Provision for bonuses	308
Other	3,542	Provision for bonuses for directors	35
Allowance for doubtful accounts	(47)	Other	320
		Non-Current Liabilities	**21,447**
Non-Current Assets	**63,809**	Convertible bond-type bonds with share acquisition rights	12,064
Property, plant and equipment	**14,640**	Long-term borrowings	830
Buildings	7,487	Deferred tax liabilities	5,586
Structures	55	Provision for retirement benefits	761
Machinery and equipment	1,714	Provision for product warranties	1,564
Vehicles	7	Other	640
Tools, furniture and fixtures	653	**Total Liabilities**	**58,395**
Land	4,646	**Net Assets**	
Construction in progress	76	**Shareholders' Equity**	**46,264**
		Share Capital	**14,286**
Intangible assets	**801**	**Capital surplus**	**17,068**
		Legal capital surplus	17,065
Investments and other assets	**48,367**	Other capital surplus	3
Investment securities	27,100	**Retained earnings**	**26,535**
Shares of subsidiaries and associates	15,165	Legal retained earnings	2,141
Long-term loans receivable	13,688	Other retained earnings	24,393
Other	588	Reserve for tax purpose reduction entry of non-current assets	56
Allowance for doubtful accounts	(8,176)	General reserve	16,517
		Retained earnings brought forward	7,820
Deferred assets	**25**	**Treasury shares**	**(11,626)**
Bond issuance costs	25	**Valuation and translation adjustments**	**13,687**
		Valuation difference on available-for-sale securities	**13,691**
Total Assets	**118,347**	**Deferred gains or losses on hedges**	**(4)**
		Total Net Assets	**59,952**
		Total Liabilities and Net Assets	**118,347**

Statement of Income

(From April 1, 2021
To March 31, 2022)

(Millions of ¥)

Accounts	Amount
Net sales	**112,689**
Cost of sales	**103,089**
Gross profit	**9,599**
Selling, general and administrative expenses	**8,174**
Operating profit	**1,424**
Non-operating income	**4,763**
Interest and dividend income	2,305
Foreign exchange gain	1,735
Technical advisory fee Income	239
Reversal of allowance for doubtful accounts	375
Other	108
Non-operating expenses	**168**
Interest expense	86
Other	81
Ordinary profit	**6,020**
Extraordinary income	**1,091**
Gain on sale of non-current assets	2
Gain on sale of investment securities	1,088
Extraordinary loss	**10**
Loss on disposal of non-current assets	10
Profit before income taxes	**7,100**
Income taxes-current	859
Income taxes-deferred	(240)
Profit	**6,481**

Statement of Changes in Shareholders' Equity

From April 1, 2021 To March 31, 2022

(Millions of ¥)

	Shareholders' equity										
		Capital surplus			Retained earnings						
						Other retained earnings					
	Share Capital	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward	Total retained earnings	Treasury shares	Total share-holders' equity
Balance as of April 1, 2021	14,286	17,065	3	17,068	2,141	56	16,517	3,117	21,832	(11,625)	41,563
Changes during period											
Dividends of surplus								(1,778)	(1,778)		(1,778)
Reversal of reserve for tax purpose reduction entry of non-current assets						(0)		0	-		-
Profit								6,481	6,481		6,481
Purchase of treasury shares										(1)	(1)
Net changes in items other than shareholders' equity											
Total changes during period	-	-	-	-	-	(0)	-	4,702	4,702	(1)	4,701
Balance as of March 31, 2022	14,286	17,065	3	17,068	2,141	56	16,517	7,820	26,535	(11,626)	46,264

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance as of April 1, 2021	18,256	-	18,256	59,819
Changes during period				
Dividends of surplus				(1,778)
Reversal of reserve for tax purpose reduction entry of non-current assets				-
Profit				6,481
Purchase of treasury shares				(1)
Net changes in items other than shareholders' equity	(4,564)	(4)	(4,568)	(4,568)
Total changes during period	(4,564)	(4)	(4,568)	133
Balance as of March 31, 2022	13,691	(4)	13,687	59,952

Notes to Non-Consolidated Financial Statements

1. Significant Accounting Policies Applied in the Preparation of the Non-Consolidated Financial Statements

(1) Standards and Methods Used to Value Assets

i. Held-to-maturity Debt Securities: Held-to-maturity debt securities are amortized in equal installments over the term held (straight-line method).

ii. Shares of Subsidiaries and Affiliated Companies: Shares of subsidiaries and affiliated companies are valued at cost as determined by the moving average method.

iii. Available-for-sale securities

• Stocks or other securities other than those without market value:	Fair value method is applied (Unrealized gains and losses are all directly charged or credited to net assets. Cost of sales is determined by the moving average method).
• Stocks or other securities without market value:	Stated at cost determined by the moving average method.

iv. Standards and methods used to value inventories

• Merchandise and finished goods, and work in progress:	Merchandise and finished goods, as well as work in progress are valued by the individual cost method. (The amount on the balance sheet is based on the book value devaluation method based on lower profitability.)
• Raw materials and supplies:	Raw materials and supplies are valued at cost as determined by the moving average method. (The amount on the balance sheet is based on the book value devaluation method based on lower profitability.)

(2) Depreciation Methods for Non-Current Assets

i. Tangible Fixed Assets: (excluding leased assets) Depreciation of tangible fixed assets is computed using the declining balance method. The straight-line method is applied to buildings (excluding attached facilities) acquired on and after April 1, 1998, and facilities attached to buildings and structures acquired after April 1, 2016.

The useful life of major buildings and equipment is as follows:

Buildings:	7 to 50 years
Machinery and equipment:	4 to 10 years

ii. Intangible Assets: (excluding leased assets) Intangible assets are amortized using the straight-line method. Software for internal use is amortized using the straight-line method over an estimated useful life of five years.

iii. Leased Assets: Leased assets are depreciated using the straight-line method with their useful life being the lease period and with no residual value.

(3) Accounting for Deferred Assets

The straight-line method is applied to bond issuance costs over the redemption period of five years.

(4) Standards Used to Account for Allowances and Provisions

i. Allowance for Doubtful Accounts: To prepare for credit losses on accounts receivable, allowances equal to the estimated amount of uncollectible receivables are provided for ordinary receivables based on a historical write-off ratio, and for specific bad debts based on a case-by-case determination of collectability by the management.

ii. Provision for Product Warranties: The Company records a provision for product warranties based on historical experience and estimated costs of providing, during a warranty period, free-of-charge services for the products it sells.

iii. Provision for Bonuses: To provide for bonus payments to employees, the Company books provisions based on the estimated amount of payments for the portion corresponding to the current fiscal year.

iv. Provision for Directors' Bonuses: To provide for bonus payments to directors, the Company books provisions based on the estimated amount of payments for the portion corresponding to the current fiscal year.

v. Provision for retirement benefits: This provision is booked based on the amounts of both benefit obligations and pension assets projected at the end of the current fiscal year, in order to prepare for payment of retirement benefits to employees.

Actuarial differences are booked as a lump-sum expense in the current fiscal year.

(5) Standards Used to Recognize Revenue and Expenses

i. Sale of Products

The Company engages in the manufacture and sale of capacitors and related products. The Company, having taken into consideration indicators related to the transfer of control of its products, such as physical possession, transfer of significant risks and economic benefit associated with ownership, has determined that control over a product is transferred to the customer and performance obligations are satisfied at the time of delivery of the product. Accordingly, the Company recognizes revenue from the sale of products upon delivery. Consideration for transactions relating to the sale of products are typically received within six months.

ii. Service Contracts

The Company conducts some of its transactions involving capacitors and related products by way of service contracts. For such contracts, the Company deems that it has transferred control over the assets to the customer over a specific period of time, since the fulfillment of its obligation does not create any assets that can be deployed for other businesses, and it has an enforceable right to receive payment for the contractual obligations it has fulfilled to date. Accordingly, the Company recognizes sales over the term of the contract based on the progress of fulfillment of contractual obligations measured at the end of each reporting period. Note that in the case of contracts with a very short term from the date of transaction commencement to the date when all contractual obligations are expected to be fulfilled, revenue is recognized at the point in time when all contractual obligations have been fulfilled. Consideration for transactions relating to service contracts (receivables arising from contracts with customers) are usually received within one year, in accordance with separately defined terms of payment.

(6) Standards Used to Translate Significant Assets and Liabilities Denominated in Foreign Currencies into Japanese Yen

Assets and liabilities denominated in foreign currencies are translated into Japanese yen according to spot exchange rates on the balance sheet date, and foreign exchange gains or losses are recognized as non-operating income or expenses.

(7) Important Hedge Accounting Method

i. Hedge Accounting Method

The deferred hedge accounting method is principally applied. The appropriation method is applied for forward exchange contracts that fulfill the conditions for appropriation.

ii. Means of Hedging and Hedged Items

Means of hedging: Foreign exchange contracts

Hedged items: Foreign currency-denominated monetary claims

iii. Hedge Method

The Company enters into derivative transactions as a means of hedging foreign exchange risks. It does not engage in derivative trading for speculative purposes.

iv. Method for Assessing Hedging Effectiveness

Effectiveness is judged based on the degree of market fluctuation of the hedged item during the period from hedge commencement to the time when the effectiveness is judged.

(8) Other Important Considerations in Preparing Non-Consolidated Financial Statements

i. Application of the Consolidated Tax Payment System

The Company applies a consolidated tax payment system.

ii. Application of Tax Effect Accounting pertaining to the Transition from Consolidated Tax Payment System to Group Company Aggregate Tax Payment System

The Company will be transitioning from a consolidated tax payment system to a group company aggregate tax payment system, starting from the next fiscal year. However, for items reconsidered in the context of the transition to the group company aggregate tax payment system and the revisions to the single company tax payment system established by the enactment of the Partial Amendment of the Income Tax Act (Act No. 8 of 2020), the Company does not rely on the provision of Section 44 on "The Accounting Standard Application Guideline for Tax Effect Accounting" (in The Corporate Accounting Standard Application Guideline, No. 28, dated February 16, 2018), and, instead, relies on the provision of Section 3 on "Handling of Tax Effect Accounting Related to Transition from Consolidated Tax Payment System to Group Company Aggregate Tax Payment System" (Business Practice Report, No. 39 dated March 31, 2020) and accounts for deferred tax assets and deferred tax liabilities based on the taxation laws before their amendments. From the start of the next fiscal year, the Company intends to apply "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (ASBJ, PITF No. 42, August 12, 2021), which defines the handling of disclosure for corporate and local income taxes, as well as tax effect accounting, in the case of group aggregate tax payment.

2. Notes on Changes in Accounting Policy

(Application of Accounting Standard for Revenue Recognition)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards from the start of the current fiscal year. Accordingly, it recognizes revenue as the amount it expects to receive in exchange for promised goods or services at the time when control of the goods or services is transferred to the customer.

The main changes resulting from the application of the Accounting Standard for Revenue Recognition are as follows.

• Previously, the Percentage of Completion method was applied to service contracts for which the results could be reliably estimated, and the Inspection method was applied to other service contracts. However, starting in the current fiscal year, we are estimating the degree of progress in fulfilling performance obligations that are met over a certain period of time. Under this new method, revenue is recognized over the contract period in accordance with the degree of progress. Note that in the case of contracts with a very short term from the date of transaction commencement to the date when all contractual obligations are expected to be fulfilled, revenue is recognized at the point in time when all contractual obligations have been fulfilled.

• Previously, consideration paid to customers, such as rebates, was partly recorded as sales promotion expense under selling, general and administrative expenses, but such amounts are now accounted for as a deduction from net sales.

In accordance with the transitional treatment allowed under the proviso of paragraph 84 of the Accounting Standard for Revenue Recognition, the new accounting policy has been applied from the opening balance of the current fiscal year, by adjusting the opening balance of retained earnings by the cumulative impact to retained earnings had the new accounting policy been applied retrospectively from before the beginning of the current fiscal year. However, the new accounting policy was not applied retrospectively to contracts for which almost all revenue amounts had been recognized using the previous accounting method prior to the beginning of the current fiscal year, in accordance with the method defined in paragraph 86 of the Account Standard for Revenue Recognition. The impact on the financial statements is negligible.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company has adopted the new accounting policy as defined by the new Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) (hereinafter "Accounting Standard for Fair Value Measurement") from the start of the current fiscal year. It will continue to comply with the Accounting Standard for Fair Value Measurement, etc. in future, in accordance with the transitional treatment allowed under paragraph 19 of the standard and paragraph 44-2 of the Accounting Standards for Financial Instruments (ASBJ Statement No. 10, July 4, 2019).

3. Notes on Changes in Presentation Method

Not applicable.

4. Notes on Accounting Estimates

Recoverability of Deferred Tax Assets

(1) Amounts recorded on the non-consolidated financial statements for the fiscal year ended March 31, 2022

As of March 31, 2022, the Company recorded ¥5,586 million of deferred tax liabilities (deferred tax assets before netting with deferred tax liabilities was ¥450 million).

(2) Information concerning the contents of significant accounting estimates on identified asset items

Method used to calculate the amounts stated in (1) is the same as described in "4. Notes on Accounting Estimates (2) Recoverability of Deferred Tax Assets" in the Notes to Consolidated Financial Statements.

5. Notes on the Balance Sheet

(1) Receivables from and Payables to Subsidiaries and Affiliated Companies

Short-term receivables	¥21,494 million
Long-term receivables	¥13,685 million
Short-term payables	¥14,944 million
Long-term payables	¥830 million

(2) Payables to Directors and Company Auditors ¥253 million

(3) Accumulated Depreciation on Tangible Fixed Assets ¥33,360 million

(4) Guarantee obligations

Joint guarantee obligations corresponding to electronically recorded obligations (including facility-related electronically recorded obligations) of subsidiaries and affiliated companies

Nichicon (Kusatsu) Corp.	¥2,676 million
Nichicon (Ohno) Corp.	¥2,480 million
Nichicon (Wakasa) Corp.	¥1,804 million
Nichicon (Iwate) Corp.	¥1,384 million
Other	¥2,572 million
Total	¥10,917 million

(5) Deduction Entries from Acquisition Costs for Non-Current Assets

Buildings ¥1,263 million Land ¥1,048 million

(6) Investigations by Anti-Competition Regulatory Authorities and Related Class Action Lawsuits

The Group had been under investigation by anti-competition regulatory authorities in several countries over the sale of electrolytic capacitors. However, all investigations by these authorities have been completed and all fines imposed as a result of the investigations have now been paid in full by the Group.

As for class action lawsuits associated with these matters, the Group has now reached settlement with parties involved in the United States, and court approval procedures in relation to these settlements have been completed. As for class action lawsuits filed against the Group in Canada, we will continue to address them appropriately. As these procedures are ongoing, final conclusion might have future consequences on the Company's business results.

6. Notes on the Non-consolidated Statement of Income

Transactions with Subsidiaries and Affiliated Companies

i. Sales	¥49,206 million
ii. Purchases	¥74,244 million
iii. Non-sales transactions	¥2,303 million

7. Notes on Statement of Changes in Shareholders' Equity

Matters concerning the number of treasury shares (Unit: Thousand shares)

Type of shares	Number of shares as of April 1, 2021	Number of shares increased in the current fiscal year	Number of shares decreased in the current fiscal year	Number of shares as of March 31, 2022
Common stock	9,581	0	-	9,582

Note: The increase of 0 treasury shares resulted from the repurchase of fractional shares.

8. Notes on Tax Effect Accounting

Breakdown of significant reasons for the recording of deferred tax assets and deferred tax liabilities

Deferred Tax Assets	
Tax loss carried forward	¥5,827 million
Amount in excess of deductible expense limit for tax purposes (allowance for doubtful accounts)	¥2,516 million
Amount in excess of deductible expense limit for tax purposes (provision for bonuses)	¥94 million
Amount in excess of deductible expense limit for tax purposes (provision for retirement benefits)	¥233 million
Environmental expenses	¥158 million
Loss on valuation of shares of subsidiaries and associates	¥3,964 million
Other	¥809 million
Subtotal of deferred tax assets	¥13,604 million
Valuation-related reserves concerning loss carried forward	(¥5,379 million)
Valuation-related reserves concerning the sum of deductible and temporary differences	(¥7,774 million)
Total of valuation-related reserves	(¥13,154 million)
Total of deferred tax assets	¥450 million
Deferred tax liabilities	
Valuation difference on available-for-sale securities	¥6,012 million
Reserve for reduction entry of land	¥23 million
Other	¥1 million
Total of deferred tax liabilities	¥6,036 million
Net deferred tax liabilities	¥5,586 million

9. Notes on Related-Party Transactions

Transactions with Subsidiaries and Affiliated Companies

(Millions of ¥)

Type	Name of company	Percentage of voting rights owned by (held of) the Company	The Company's relationship with related party	Nature of transaction	Transaction amount	Accounts	Balance at year end
Subsidiaries	Nichicon Hi-Tech Foil Corp.	Directly Owned 100%	Financial support Concurrent directorships Lease of land and buildings, etc.	Sale of raw materials (*4) Purchase of raw materials (*4) Receipt of interest (*1)	3 8,302 21	Accounts receivable – trade Accounts payable – trade Long-term loans receivable (*2)	3,518 3,336 1,800
	Nichicon (Kusatsu) Corp.	Directly Owned 100%	Financial support Concurrent directorships Lease of land and buildings, etc.	Purchase of products (*4) Receipt of interest (*1) Guarantee for electronically recorded obligations (*5)	15,698 22 2,676	Accounts payable – trade Long-term loans receivable (*2)	155 1,000 -
	Nichicon (Kameoka) Corp.	Directly Owned 100%	Financial support Concurrent directorships Lease of land and buildings, etc.	Receipt of interest (*1)	52	Long-term loans receivable (*2)	4,599
	Nichicon (Ohno) Corp.	Directly Owned 100%	Financial support Concurrent directorships Lease of land and buildings, etc.	Sale of raw materials (*4) Purchase of products (*4) Receipt of interest (*1) Guarantee for electronically recorded obligations (*5)	92 17,358 22 2,480	Accounts receivable – trade Accounts payable – trade Long-term loans receivable (*2)	1,305 2,424 1,900 -
	Nichicon (Iwate) Corp.	Directly Owned 100%	Concurrent directorships Lease of land and buildings, etc.	Purchase of products (*4) Guarantee for electronically recorded obligations (*5)	9,017 1,384	Accounts payable – trade	3,668 -
	Nichicon (Wakasa) Corp.	Directly Owned 100%	-	Sale of raw materials (*4) Purchase of products (*4) Guarantee for electronically recorded obligations (*5)	220 7,077 1,804	Accounts receivable – trade Accounts payable – trade	1,490 1,950 -
	Yutaka Electric Mfg. Co., Ltd.	Directly Owned 100%	Financial support Concurrent directorships	Receipt of interest (*1)	31	Long-term loans receivable (*2)	2,837
	Nichicon (America) Corp.	Directly Owned 100%	Borrowing of funds Concurrent directorships	Sale of products (*4) Payment of interest (*3)	8,915 60	Accounts receivable – trade Long-term borrowings (*3)	1,551 1,664
	Nichicon (Austria) GmbH	Directly Owned 100%	Concurrent directorships	Sale of products (*4)	6,226	Accounts receivable – trade	1,864
	Nichicon (Hong Kong) Ltd.	Directly Owned 100%	-	Sale of products (*4)	13,929	Accounts receivable	5,220
	Nichicon Electronics Trading (Shanghai) Co., Ltd.	Owned Directly 80% Indirectly 20%	-	Sale of products (*4)	10,934	Accounts receivable – trade	2,064
	Nichicon (Malaysia) Sdn. Bhd.	Owned Directly 55.5% Indirectly 44.5%	Financial support Concurrent directorships	Receipt of interest (*1)	47	Long-term loans receivable (*2)	1,447
	Harbor Electric Co., Ltd.	Owned Directly 47.5% Indirectly 31.5%	Financial support Concurrent directorships	Receipt of interest (*1)	10	Long-term loans receivable (*2)	1,194

*1. Interest rates on the loans were determined rationally with due consideration of market interest rates. No collateral were received.

*2. A total allowance for doubtful accounts of ¥7,946 million has been reserved for long-term loans receivable from subsidiaries. A total of ¥375 million reversal of allowance for doubtful accounts was posted in the current fiscal year. Long-term borrowings include current portion of long-term borrowings.

*3. Interest rates on the borrowings were determined rationally with due consideration of market interest rates. Long-term borrowings include current portion of long-term borrowings.
*4. Purchase and sale prices of products and raw materials were determined by reference to their market prices.
*5. The Company provides guarantees for electronically recorded obligations (including facility-related electronically recorded obligations) of subsidiaries.

10. Notes on Revenue Recognition

(Base information for understanding revenues arising from contracts with customers)

Base information for understanding revenues arising from contracts with customers is omitted as same information is provided in "10. Notes on Revenue Recognition," under "Notes to Consolidated Financial Statements."

11. Notes on Per Share Information

(1) Net assets per share: ¥876.28
(2) Profit per share: ¥94.73

12. Notes on Significant Subsequent Events

Not applicable

13. Other Notes

Japanese yen accounts are presented in millions of yen and are rounded down to the nearest million yen.

(Additional Information)

(Accounting Estimates in Relation to the COVID-19 Pandemic)

As for the economic environment surrounding the Company, although uncertainty remains due to concerns over a resurgence of COVID-19 cases that may prolong economic recovery, we expect to see a gradual, sustained recovery as economic activity picks up again around the world. Accounting estimates such as impairment losses on non-current assets and recoverability of deferred tax assets are based on these assumptions. Please note that there is a high level of uncertainty in these assumptions. Should it take longer than anticipated for the pandemic to subside, and the adverse effect of COVID-19 on the economy is prolonged, we might incur losses in the future.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 20, 2022

To the Board of Directors of
Nichicon Corporation

Deloitte Touche Tohmatsu LLC
Kyoto office

Designated Engagement Partner,
Certified Public Accountant:

Nobuyuki Onaka

Designated Engagement Partner,
Certified Public Accountant:

Hideya Sudo

Opinion

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements of NICHICON CORPORATION and its consolidated subsidiaries (the "Group"), namely, the consolidated balance sheet as of March 31, 2022, and the consolidated statement of income and consolidated statement of changes in equity for the fiscal year from April 1, 2021 to March 31, 2022, and the related notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2022, and its consolidated financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Emphasis of Matter

As discussed in 5. Notes on the Consolidation Balance Sheet, (4) Investigations by Anti-Competition Regulatory Authorities and Related Class Action Lawsuits, class action lawsuits were filed against the Group in Canada. As these procedures are ongoing, final conclusion might have future consequences on the Group's business results. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

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

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

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibility 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. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board 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, related safeguards.

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

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

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 20, 2022

To the Board of Directors of
Nichicon Corporation

Deloitte Touche Tohmatsu LLC
Kyoto office

Designated Engagement Partner,
Certified Public Accountant:

Nobuyuki Onaka

Designated Engagement Partner,
Certified Public Accountant:

Hideya Sudo

Opinion

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the nonconsolidated financial statements of NICHICON CORPORATION (the "Company"), namely, the nonconsolidated balance sheet as of March 31, 2022, and the nonconsolidated statement of income and nonconsolidated statement of changes in equity for the 87th fiscal year from April 1, 2021 to March 31, 2022, and the related notes and the accompanying supplemental schedules.

In our opinion, the accompanying nonconsolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2022, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.
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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 Nonconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

As discussed in 5. Notes on the Balance Sheet, (6) Investigations by Anti-Competition Regulatory Authorities and Related Class Action Lawsuits, class action lawsuits were filed against the Group in Canada. As these procedures are ongoing, final conclusion might have future consequences on the Company's business results. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.

Our opinion on the nonconsolidated 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 nonconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the nonconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Nonconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the nonconsolidated 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 nonconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the nonconsolidated 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. 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 nonconsolidated financial statements.

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

- Identify and assess the risks of material misstatement of the nonconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 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 nonconsolidated 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 Company to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the nonconsolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the nonconsolidated financial statements, including the disclosures, and whether the nonconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board 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, related safeguards.

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

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

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader

(TRANSLATION)

AUDIT REPORT

The Board of Company Auditors received audit reports prepared by Company auditors concerning the Directors' execution of their duties during the 87th fiscal year ended March 31, 2022. After discussing the audit results on the basis of those reports, we have prepared this Audit Report and hereby report as follows.

1. Methods and details of audits conducted by Company auditors and the Board of Company Auditors

(1) The Board of Company Auditors determined the auditing policies and division of duties and received from each Company auditor a report on audit execution status and results thereof. The Board also received reports from the directors and Accounting Auditors on the status of the execution of their duties, requesting additional explanation as necessary.

(2) Each Company auditor, in accordance with the standards for conducting audits established by the Board of Company Auditors and pursuant to the auditing policies and the division of duties, communicated with the directors, the Internal Audit Department and other employees, etc. to collect information and to improve the environment for the audits, and conducted the audits in the following manner:

i. Company auditors attended meetings of the Board of Directors and other important meetings, received reports on the status of the execution of duties from the Directors and employees, requested additional explanation as necessary, reviewed important internal approval documents, and examined the status of business operations and assets at the Head Office and principal offices and factories. As for subsidiaries, Company auditors communicated and exchanged information with the directors and Company auditors of the subsidiaries and received reports on their business as needed.

ii. On the details of the Board of Directors' resolution described in the Business Report regarding (i) the development of systems necessary to ensure that the execution of duties by directors complies with laws and regulations and the articles of incorporation, and (ii) other systems necessary to ensure the properness of operations of the Company and operations of group of enterprises consisting of the Company and its subsidiaries (required pursuant to Article 100, paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act), as well as the system that is established in accordance with such resolution (Internal Control System), Company auditors received regular reports from directors and employees, etc. regarding the status of the development and implementation of the Internal Control System, asked them for explanations as necessary, and stated opinions.

iii. Company auditors reviewed the contents of the basic policies (required under Article 118, item (iii)-(a), of the Ordinance for Enforcement of the Companies Act) described in the Business Report, based on the deliberations in the meetings of the Board of Directors and other meetings.

iv. Company auditors monitored and verified whether the Accounting Auditor maintained independence and conducted audits properly, received reports from the Accounting Auditor on the status of the execution of its duties and requested explanations as necessary. Furthermore, Company auditors received reports from the Accounting Auditor that it had a system in place for ensuring that it executes its duties (as described in each item under Article 131 of the Regulations on Corporate Accounting) pursuant to the "Standards for Quality Control of Audits" (Business Accounting Council, October 28, 2005), and requested additional explanations as necessary.

Based on the methods described above, we reviewed the Business Report and Supplementary Schedules, the non-consolidated financial statements—namely, the Balance Sheet, Statement of Income, Statement of Changes in Shareholders' Equity, and Notes on Non-consolidated Financial Statements—and Supplemental Schedules, and the consolidated financial statements—namely, the Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Shareholders' Equity, and Notes to Consolidated Financial Statements, for the fiscal year under review.

2. Results of Audit

(1) Audit results of the Business Report

i. We have confirmed that the Business Report and the Supplemental Schedules accurately represent the state of the Company as of March 31, 2022, pursuant to the applicable laws and regulations, and the Articles of Incorporation of the Company.

ii. We have not discovered any misconduct concerning the execution of duties by the directors or serious violations of applicable laws and regulations or the Articles of Incorporation of the Company.

iii. We have confirmed that resolutions adopted by the Board of Directors concerning the internal control system were reasonable. Moreover, we have found nothing that needs to be pointed out concerning the description of the internal control system in the Business Report or the execution of duties by the directors.

The Company and some of its overseas sales subsidiaries have been under investigation by the Japan Fair Trade Commission (JFTC) and regulatory authorities of the European Union, the United States, and other bodies since March 2014 over alleged violations of applicable competition laws arising from the sale of aluminum electrolytic capacitors and tantalum electrolytic capacitors in respective regions and countries. In March 2016, the Company received from the JFTC a cease-and-desist order and an order to pay a surcharge for the investigation in Japan. In September 2016, we appealed against the assessments and judgments that the JFTC’s orders were based upon and filed a legal action seeking cancelation of the order. In March 2019, a judgment was handed down to dismiss our claim. in April of the same year the Company instigated an appeal to the court of second instance. In December 2020, the court dismissed the appeal. In the same month the Company filed a final appeal as well as a petition for acceptance of the appeal with the Supreme Court. In October 2021, the final appeal was dismissed and the petition for acceptance of the appeal was turned down.

Outside of Japan, in December 2015, Nichicon (Hong Kong) Ltd., a Company subsidiary, was subjected to a penalty from the Taiwan Fair Trade Commission. In February 2016, the subsidiary appealed against the assessments and judgment on which the penalty was based and filed a legal action. Subsequently in July 2020, there was a ruling to dismiss the appeal, against which in August of the same year the Company filed a legal action in the Supreme Administrative Court, objecting to the ruling. The case is still ongoing. In addition, in March 2018, the Company was sanctioned by the European Commission with a fine and in May of the same year it filed a lawsuit to appeal the finding and decision of the sanction. The case is still ongoing.

As the Board of Company Auditors, we confirmed that the Group has ensured compliance with all laws and ordinances, and thus we continue to strive to further enhance our auditing capacities in order to strengthen and reinforce the Company’s compliance systems and corporate ethics.

iv. We have found nothing that needs to be pointed out with regard to the Basic Policy on the Control over the Company, described in the Business Report.

(2) Audit results of the non-consolidated financial statements, the supplemental schedules, and the consolidated financial statements

We have confirmed that the methods of audits used by and their results produced by Deloitte Touche Tohmatsu LLC were appropriate.

May 23, 2022

The Board of Company Auditors Nichicon Corporation

Standing Company Auditor	Sachihiko Araki
Standing Company Auditor (External)	Yoshihiko Nakatani
Outside Company Auditor	Hideki Ohnishi
Outside Company Auditor	Masahiro Morise

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