

**NOTIFICATION OF  
THE 88th ORDINARY GENERAL MEETING OF SHAREHOLDERS**

**To be held on June 29, 2023**

**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, 2023  
551, Nijoden-cho Karasumadori Oike-agaru,  
Nakagyo-ku, Kyoto 604-0845, Japan

Shigeo Yoshida President & COO  
**Nichicon Corporation**

## **NOTIFICATION OF THE 88TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

We hereby inform you that the 88th Ordinary General Meeting of Shareholders of Nichicon Corporation will be held as set forth below.

In convening this General Meeting of Shareholders, the Company has taken measures for providing information that constitutes the content of reference documents for the General Meeting of Shareholders, etc. (matters subject to measures for electronic provision) in electronic format, and have posted the information on websites on the Internet. Please visit either of the following websites to review the information.

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

**The Company's website:**

<https://www.nichicon.co.jp/ir/>



(Please access the material from "Reference Documents for General Meetings of Shareholders" within the website)

**Tokyo Stock Exchange's (TSE's) website (TSE Listed Company Information Service):**

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>



(Access the above TSE website, enter "Nichicon" in "stock name (company name)" or the Company's securities code "6996" in "Code," and click "Search." Then click "Basic information", select "Documents for public inspection/PR information," and download the information from "Notification of General Meetings of Shareholders/Reference Materials".)

**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 post or via the Internet by no later than 5:15 p.m. on Wednesday, June 28, 2023.**

**1. Time and Date:**

June 29, 2023 (Thursday) 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. Business report, consolidated financial statements, and the reports of audits of consolidated financial statements conducted by the Accounting Auditor and the Board of Company Auditors, for the 88th fiscal year ended March 31, 2023
2. Non-consolidated financial statements for the 88th fiscal year ended March 31, 2023

**Proposals To Be Voted On:**

- Proposal 1:** Appropriation of Surplus  
**Proposal 2:** Election of Eight Directors  
**Proposal 3:** Election of One Corporate Auditor  
**Proposal 4:** Election of One Substitute Corporate Auditor

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With regard to this General Meeting of Shareholders, as in the past, we are providing all of our shareholders with paper-based documents, regardless of whether a request for provision of physical documents have been made.

If revisions arise to the matters subject to measures for electronic provision, the revised versions will be posted on the Internet on the Company's website as well as the TSE's website.

## Information for Shareholders



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 ¥30.00 per share, an increase of ¥3.00 from the previous fiscal year.

### **Matters concerning year-end dividend**

Type of dividend	Cash
Allocation of dividend assets to shareholders and total amount of dividends	¥16.00 per common stock Total amount of ¥1,094,659,632
Effective date of dividend	June 30, 2023

## Proposal 2: Election of Eight Directors

The terms of office of all seven (7) Directors will expire at the conclusion of the General Meeting of Shareholders.

We therefore wish to propose the election of eight Directors.

The Company has established the Nomination and Compensation Committee, the majority of whose members are External Directors. The committee serves as an advisory panel to the Board of Directors, for the purpose of ensuring the fairness, transparency, and objectivity of procedures relating to the nomination and compensation of directors, and of further enhancing the Company's corporate governance system. The selection of candidates for Directors is decided by the Board of Directors based on the advice of the Nomination and Compensation Committee.

The candidates for Directors are as follows:

Candidate No.	Name	Position and responsibilities in the Company	
1	Ippei Takeda	Chairman & CEO	Reelection
2	Katsuhiko Mori	Executive Officer, Head of Capacitor Business Headquarters	New election
3	Hitoshi Chikano	Director & Senior Managing Executive Officer General Manager of Financial & Accounting Headquarters and General Manager of PR & Investor Relations Office	Reelection
4	Akihiro Yano	Director & Senior Executive Operating General Manager of Corporate Planning Division and General Manager of Sustainability Promotion Office	Reelection
5	Kazumi Matsushige	Director	Reelection External Independent
6	Shigenobu Aikyo	Director	Reelection External Independent
7	Haruhiko Kato	—	New election External Independent
8	Noriko Kurimoto	—	New election External Independent

New election Candidate for new election as Director

Reelection Candidate for reelection as Director

External Candidate for External Director

Independent Independent Director as defined by Stock Exchange

Candidate  
No.

1

**Ippei Takeda**

(born January 11, 1941)

Reelection



### Career profile and concurrent positions and responsibilities

March 1963	Joined the Company
February 1978	Representative Director & President of Nichicon (America)
June 1983	Director of the Company
December 1983	Manager of the International Division of the Company
July 1995	General Manager of the Company's Ohno Factory and Overseas Sales Manager
June 1997	Managing Director of the Company
June 1998	President & COO of the Company
June 2003	Representative Director & President, COO of the Company
June 2007	Representative Director & Chairman, COO of the Company
June 2013	Representative Director & Chairman, CEO (current)

Number of Company  
shares held

15,000

### Reason for candidacy as Director

Since joining the Company, he has engaged in domestic and overseas sales and business operations. From 1998, served as Representative Director and President and from 2007 served as Representative Director and Chairman. Due to his abundant experience and knowledge of all aspects of management, the Company considers him suitably equipped to improve the sustainability of the Company's value, and therefore proposes him for reelection.

Candidate  
No.

2

**Katsuhiko Mori**

(born January 6, 1968)

New  
election



### Career profile, and important concurrent positions and responsibilities

April 1991	Joined the Company
January 2003	Deputy General Manager, Tokyo Branch No.1 Sales Department, Eastern Japan Business Division
January 2004	General Manager, Overseas Business Department, Sales Division
February 2004	General Manager of Nichicon (Taiwan) Co., Ltd
June 2011	Chairman of Nichicon (Taiwan) Co., Ltd.
January 2014	Head of the Company's Greater China Business Chairman of Nichicon (Hong Kong) Ltd.
July 2020	Executive Officer of the Company (current) Head of Capacitor Business Headquarters (current)

Number of Company  
shares held

4,012

### Reason for candidacy as Director

Since joining the Company, he has been engaged in domestic and overseas sales and business operations. Due to his abundant experience and knowledge of all aspects of management, the Company considers him suitably equipped to improve the sustainability of the Company's value, and therefore proposes him for election.

Candidate  
No.

3

**Hitoshi Chikano** (born December 5, 1960)

Reelection



### Career profile, and important concurrent positions and responsibilities

April 1983	Joined the Company
March 1990	Manager of Nichicon (Hong Kong) Ltd.
June 2003	General Manager of the Company's Investor Relations Office
August 2004	General Manager of the Company's Financial and Accounting Headquarters and General Manager of the Investor Relations Office
December 2004	General Manager of the Company's Financial and Accounting Headquarters
June 2006	Executive Officer of the Company
June 2007	Director of the Company (current) General Manager of the Company's Administration Headquarters
July 2008	Senior Executive Operating Officer of the Company
February 2010	General Manager of the Company's Investor Relations Office
October 2013	General Manager of the Company's Financial and Accounting Headquarters (current)
July 2015	Senior Executive Operating Officer of the Company
July 2017	Senior Executive Operating Officer of the Company (current)
September 2018	General Manager of the Company's PR & Investor Relations Office (current)

Number of Company  
shares held

7,000

### Reason for candidacy as Director

Since joining the Company, he has engaged in domestic and overseas financial operations. From 2007 he served as Director. Due to his abundant domestic and overseas work experience and his expertise in finance and accounting, the Company considers him suitably equipped to improve the sustainability of the Company's value, and therefore proposes him for reelection.

Candidate  
No.

4

**Akihiro Yano** (born December 18, 1957)

Reelection



### Career profile, and important concurrent positions and responsibilities

April 1980	Joined Pioneer Corporation
April 2001	Managing Director of Planning Division of Pioneer Europe (NV)
May 2005	Representative Director and President of Pioneer Electronics Germany GmbH
December 2009	Joined the Company as Deputy General Manager of the Production Headquarters
October 2010	Deputy General Manager of the Company's Corporate Planning Headquarters
May 2011	General Manager of the Company's Corporate Planning Headquarters (current)
July 2011	Executive Officer of the Company
June 2013	Director of the Company (current)
July 2015	Executive Operating Officer of the Company
July 2017	Senior Executive Operating Officer (current)
February 2022	General Manager of Sustainability Promotion Office (current)

Number of Company  
shares held

3,000

### Reason for candidacy as Director

Since joining the Company, he has engaged in production and planning operations. From 2013 he served as Director. Due to his abundant experience and knowledge of planning, the Company considers him suitably equipped to improve the sustainability of the Company's value, and therefore proposes him for reelection.



Candidate  
No.

5

**Kazumi Matsushige** (born August 15, 1947)

Reelection

External

Independent



Number of Company  
shares held

2,000

### Career profile, and important concurrent positions and responsibilities

April 1981 Assistant Professor in the Research Institute for Applied Mechanics, Kyushu University  
May 1990 Professor in the Faculty of Engineering, Kyushu University  
April 1993 Professor in the Department of Electronic Science and Engineering, Graduate School of Engineering, Kyoto University  
July 1996 Director of Venture Business Laboratory, Kyoto University  
April 2001 Director of International Innovation Center, Kyoto University  
April 2004 Vice President of Kyoto University (responsible for industry-academia collaboration and intellectual property)  
April 2005 Director, International Innovation Organization, Kyoto University  
April 2012 Professor Emeritus, Kyoto University (current)  
Distinguished Visiting Professor, Ryukoku University  
June 2012 Director of the Company (current)  
April 2013 President of Shikoku University and Shikoku University Junior College (current)  
June 2016 Director of Awa Paper & Technological Company, Inc. (current)

### Reason for candidacy as External Director candidate and outline of expectations

The Company expects to continue leveraging the high level of insight and wealth of experience of this candidate, who has had an extensive career as a university professor, to obtain valuable guidance for its operation and management. Although the candidate does not have any experience of direct involvement in corporate management, except as an External Director, the Company judges that for the above-stated reasons, he will be able to suitably fulfill his duties as an External Director.

Candidate  
No.

6

**Shigenobu Aikyo** (born October 1, 1949)

Reelection

External

Independent



Number of Company  
shares held

1,000

### Career profile, and important concurrent positions and responsibilities

April 1972 Joined The Sumitomo Bank (now Sumitomo Mitsui Banking Corporation)  
June 2005 Director and Managing Executive Officer (same bank)  
April 2006 Director and Senior Managing Executive Officer (same bank)  
Executive Vice President of Sumitomo Mitsui Financial Group, Inc.  
April 2007 Director and Vice President Executive Officer, Head of Corporate Banking Division (same bank)  
April 2010 Representative Director and Chairman of Nikko Cordial Securities Inc.  
April 2011 Representative Director and Chairman of SMBC Nikko Securities Inc.  
June 2015 Director of Hashimoto Sogyo Holdings Ltd. (current)  
March 2016 Director of MODEC Inc. (current)  
June 2016 Director of the Company (current)  
June 2019 Company Auditor of Starts Corporation Inc. (current)

### Reason for candidacy as External Director candidate and outline of expectations

This candidate has been engaged in the financial industry for many years, accumulating a wealth of knowledge of finance and accounting. The Company expects to seek his valuable guidance on company operations, leveraging the experience he has gained as a manager and director of financial institutions and through his role as a director of other companies. For this reason, the Company proposes him for reelection as an External Director.

Candidate  
No.  
7

**Haruhiko Kato**  
(born July 21, 1952)

New  
election

External

Independent



Number of Company  
shares held  
0

**Career profile, and important concurrent positions and responsibilities**

April 1975	Joined The Ministry of Finance
July 2007	Director-General of the Tax Bureau
July 2009	Commissioner of the National Tax Agency
July 2010	Resigned from Commissioner of the National Tax Agency
January 2011	Senior Managing Director of Japan Securities Depository Center inc.
June 2011	Representative Director and President of same company
June 2013	Director of Toyota Motor Corporation
March 2014	Director of Canon Inc.
March 2015	Director of SHIKI THEATRE COMPANY (current)
July 2015	Director and President of Japan Securities Depository Center inc.
April 2019	Director of Japan Securities Depository Center inc.
June 2019	Standing Company Auditor of Toyota Motor Corporation (current)

**Reason for candidacy as External Director candidate and outline of expectations**

This candidate has held important positions in the Ministry of Finance for many years, accumulating a wealth of knowledge of finance, tax and accounting. The Company expects to receive appropriate advice on the management of the Company, leveraging the experience he has gained through working in management roles and as representative director of financial institutions and directors of other companies including automotive companies. For this reason, the Company proposes his election as an External Director.

Candidate  
No.  
8

**Noriko Kurimoto** (born February 6, 1981)  
(Name on the Family Register: Noriko Kano)

New  
election

External

Independent



### Career profile, and important concurrent positions and responsibilities

December 2007 Registered as attorney, Osaka Bar Association  
Joined Kansai Law and Patent Office

January 2014 Partner of same Office (current)

### Reason for candidacy as External Director candidate and outline of expectations

The Company expects to leverage the deep insight and legal expertise of this candidate, who is a lawyer, to obtain appropriate opinions on the management of the Company. For this reason, the Company proposes her election as an External Director. Although the candidate does not have any experience of direct involvement in corporate management as a company director, etc., the Company judges that for the above-stated reasons, she will be able to suitably fulfill her duties as an External Director.

Number of Company  
shares held

1,000

- (Notes):
1. There are no special interests between each candidate and the Company.
  2. Mr. Kazumi Matsushige, Mr. Shigenobu Aikyo, Mr. Haruhiko Kato and Ms. Noriko Kurimoto are all External Director candidates.
  3. Mr. Kazumi Matsushige will have been in the position of External Director of the Company for 11 years at the conclusion of this Ordinary General Meeting of Shareholders. Mr. Shigenobu Aikyo will have been in the position of External Director of the Company for seven years at the conclusion of this Ordinary General Meeting of Shareholders.
  4. The Company has entered into contracts with Mr. Kazumi Matsushige and Mr. Shigenobu Aikyo, pursuant to Article 427, Paragraph 1 of the Companies Act, to limit their liability for payment of damages as set forth in Article 423, Paragraph 1 of the Act. The limit on liability for payment of damages under the contracts is in accordance with prevailing laws and regulations, and in the event that they are reappointed, the Company intends to continue the contracts with them. Under the same principle, the Company intends to enter into similar agreements with Mr. Haruhiko Kato and Ms. Noriko Kurimoto to limit their liability, should they be elected as Company Auditors.
  5. The Company has designated Mr. Kazumi Matsushige and Mr. Shigenobu Aikyo as Independent Directors in accordance with the rules established by the Tokyo Stock Exchange and has registered them accordingly with the same Stock Exchange.
  6. Mr. Haruhiko Kato and Ms. Noriko Kurimoto satisfy the qualifications for Independent Directors in accordance with the rules established by the Tokyo Stock Exchange, and the Company intends to designate them as Independent Directors should they be elected as Company Auditors.
  7. The Company has entered into a directors and officers liability insurance contract with an insurance company pursuant to the provision of Article 430-3, Paragraph 1 of the Companies Act, to cover the amount of damages and litigation expenses that may be incurred by insured executives in the event of any claims for damages arising from the execution of their duties. Should the appointment of candidates be approved, the appointed persons will be included as insured persons under the relevant insurance contract. The Company intends to renew the contract under the same terms upon the next contract renewal.
  8. Mr. Haruhiko Kato is expected to resign from his position as standing Company Auditor of Toyota Motor Corporation with effect from June 14, 2023.

## Proposal 3: Election of One Company Auditor

The term of office of Company Auditor, Mr. Hideki Ohnishi, will expire upon conclusion of this Ordinary General Meeting of Shareholders.

We therefore wish to propose the election of one new Company Auditor.

This proposal has received approval from the Board of Company Auditors.

The candidate for Company Auditor is as follows:

### Kan Tsutagawa

(born July 18, 1949)

New  
election

External

Independent



Number of Company  
shares held

1,000

#### Career profile, titles and important concurrent positions

April 1973	Joined The Yomiuri Shimbun
June 2007	Executive Officer, Director of Production, Tokyo Head Office of same company
June 2009	Director, Chief Editor of same company
June 2011	Senior Managing Director, YOMIURI TELECASTING CORPORATION
June 2013	Director, Vice President of same company
June 2014	Representative Director, Vice President of same company
June 2016	Representative Director, President of same company
June 2019	Representative Director, Chairman of same company
June 2020	Chief Advisor of same company
July 2022	Advisor of the Company (current)

#### Reason for candidacy as External Company Auditor candidate

The candidate has held directorships at news organizations, and as such, has considerable knowledge and expertise in company management. We believe Mr. Tsutagawa is an ideal candidate for the position of External Company Auditor, and recommend his election.

- (Notes):
1. There is no special interest between Mr. Kan Tsutagawa and the Company.
  2. Mr. Kan Tsutagawa is a candidate for External Company Auditor.
  3. If Mr. Kan Tsutagawa is appointed to Company Auditor, the Company intends to enter into a contract with him pursuant to Article 427, Paragraph 1 of the Companies Act, to limit his liability for payment of damages as set forth in Article 423, Paragraph 1 of the Act. The maximum amount of liability for damages shall be set at an amount as permitted under laws and regulations.
  4. Mr. Kan Tsutagawa satisfies the qualifications for Independent Directors in accordance with the rules established by the Tokyo Stock Exchange, and the Company intends to designate him as an Independent Director should he be elected as a Company Auditor.
  5. The Company has entered into a directors and officers liability insurance contract with an insurance company pursuant to the provision of Article 430-3, Paragraph 1 of the Companies Act, to cover the amount of damages and litigation expenses that may be incurred by insured executives in the event of any claims for damages arising from the execution of their duties. Should the appointment of the candidate be approved, the appointed person will be included as an insured person under the relevant insurance contract. The Company intends to renew the contract under the same terms upon the next contract renewal.

## (Reference) Skills Matrix of Directors and Company Auditors

List of Experience and Expertise of Directors and Company Auditors after Approval of Proposal No. 2 and Proposal No. 3

	Position in the Company	Company management	Production/R &D	Sales/Marketing	Finance/Accounting	International Experience/Diversity	Legal affairs/Risk management
Ippei Takeda	Chairman & CEO	○	○	○	○	○	○
Katsuhiko Mori	President & COO	○		○		○	
Hitoshi Chikano	Director	○		○	○	○	
Akihiro Yano	Director	○	○		○	○	
Kazumi Matsushige	Director, External/Independent		○				○
Shigenobu Aikyo	Director, External/Independent	○			○		
Haruhiko Kato	Director, External/Independent	○			○	○	
Noriko Kurimoto	Director, External/Independent					○	○
Sachihiko Araki	Standing Company Auditor	○	○	○			○
Yoshihiko Nakatani	Standing Company Auditor, External/Independent	○	○			○	
Masahiro Morise	Company Auditor, External/Independent	○			○		
Kan Tsutagawa	Company Auditor, External/Independent	○		○	○		○

(Note) The above List of Experience and Expertise of Directors and Company Auditors does not represent all of their experience and expertise.

## Proposal 4: Election of One Substitute Company Auditor

In order to prepare for the event in which the number of incumbent Company Auditors falls below the legal requirement, the Company wishes to propose the election of Mr. Seiya Ueno as a substitute for Standing Company Auditor.

With regard to the effectiveness of the election of a Substitute Company Auditor, the Company shall be permitted to revoke the election by a resolution of the Board of Directors, with the consent of the Board of Company Auditors prior to the assumption of office of a Company Auditor.

This proposal has been approved by the Board of Company Auditors.

The candidate for the Substitute Company Auditor is as follows:

### Seiya Ueno

(born January 8, 1966)



Number of Company shares held

0

#### Career profile, titles and important concurrent positions

April 1990	Joined Mitsui Trust Bank, Limited (now Sumitomo Mitsui Trust Bank, Limited)
January 2001	Joined The Industrial Bank of Japan, Limited (now Mizuho Bank, Ltd.)
December 2004	General Manager, Capital Markets Department, Mizuho Corporate Asia (Hong Kong) Limited
April 2015	Head of Americas Office, Portfolio Management Department Head of Americas Office, Asset Management Control Department, Mizuho Bank, Ltd.
May 2018	Joined the Company, General Manager, Management Department, Capacity Business Headquarters
September 2019	General Manager of the Company's Internal Audit Office (current)

#### Reason for candidacy as candidate for Substitute Company Auditor

The candidate has accumulated a wealth of experience as well as insight in the field of finance and accounting through his domestic and international career at financial institutions. In addition, he has been responsible for internal audits within the Company. We therefore recommend his election for the position of Substitute Company Auditor.

- (Notes):
1. There is no special interest between Mr. Seiya Ueno and the Company.
  2. Mr. Seiya Ueno is a candidate for a substitute to the Standing Company Auditor.
  3. The Company has entered into a directors and officers liability insurance contract with an insurance company pursuant to the provision of Article 430-3, Paragraph 1 of the Companies Act, to cover the amount of damages and litigation expenses that may be incurred by insured executives in the event of any claims for damages arising from the execution of their duties. Should the candidate assume office of a Company Auditor, he will be included as an insured person under the relevant insurance contract.

## Reference Materials

### Business Report for the Fiscal Year Ended March 31, 2023

(For the Consolidated Fiscal Year Ended March 31, 2023)

#### **1** Matters Concerning the Current State of the Nichicon Group

##### (1) Review of Business Operations and Results

During the consolidated fiscal year under review, Japan's economy showed signs of recovery as normalization of economic activities further progressed, helped by the gradual easing of COVID-19-related movement restrictions. On the other hand, outlook of the economy continued to remain uncertain with strong concerns of an economic downturn due to factors such as the prolonged Russian-Ukrainian crisis, coupled with heightened inflationary pressure caused by surging energy and raw materials prices, as well as the high volatility of currency exchange rates. The US economy has recovered on the back of factors such as the increase in employment, but the continued monetary tightening to mitigate inflation has heightened risks of an economic recession. Recovery of the European economy continues to be delayed against the backdrop of price increases owing to concerns over energy supply. In China, despite the lift of its zero-COVID policy, the pace of economic growth has slowed down due to factors such as the subdued property market and decline in exports.

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, automotive-related sales grew against the backdrop of a growing shift toward EVs and vehicle electrification in the US, Europe and other markets. Sales to the industrial equipment market were robust, helped by the trend of manpower reduction and automation. as were sales to the household electric goods market, mainly for air conditioners and primarily to the domestic and ASEAN markets.

In our NECST (Nichicon Energy Control System Technology) business, which represents a new pillar of our corporate strategy, the megatrend of decarbonization provided a boost to the field of environment-related products that contribute to the use of renewable energy and reduction of greenhouse gas emissions, resulting in increased sales of Tribrid Energy Storage System<sup>®</sup>, a new household energy storage system that enables the use of solar-generated electricity for household use and EVs, and EV Power Station<sup>®</sup>, a V2H system. There was also a growth in demand for energy-storage systems for public and industrial use, as well as for quick chargers, which are an essential social infrastructure to support the shift to EVs. As a result, we saw a significant increase in sales. We are contributing to the mitigation of global warming by reducing greenhouse gas emissions from our business activities as well as promoting environmental education activities through our business. For example, we introduced solar power generation systems to our production sites, and established Nichicon Akarui Mirai-Kan (Bright Future Facility) where people can experience "Kasan Kasho" (\*) of electricity through our NECST products.

\* *Kasan Kasho: Generating electricity at home for use in the home*

As a result, the Group achieved net sales of ¥184,725 million for the consolidated fiscal year, up 29.9% for the year and marking a new record. The Group posted an operating profit of ¥12,676 million for the year, 97.2% higher than the previous year; an ordinary profit of ¥15,263 million including ¥1,730 million from foreign exchange gains, 77.67% higher than the previous year and achieving a historical high. However, profit attributable to owners of parent was down 1.1% from the previous fiscal year to ¥7,814 million. This was due to factors that included the posting of Losses related to antimonopoly legislation of ¥6,395 million in relation to settlement payments for individual actions in the US and class action in Canada stemming from investigations conducted by the US regulatory authorities.

Looking at performance by product category, net sales of capacitors for electronics amounted to ¥100,613 million, a sharp gain of 22.7% 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 ¥23,387 million, up 20.3% year-on-year, due mainly to significantly higher sales of film capacitors for power apparatus used in xEVs.

Net sales of circuit products rose to ¥60,363 million, up 49.4% year-on-year, owing to higher sales of household energy-storage systems, V2H systems, EV/PHV quick chargers, and switching power supplies.

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

Category	87th Fiscal Year (Ended March 31, 2022)		88th Fiscal Year (Ended March 31, 2023)		Year-on-Year Change	
	Net Sales	Percentage to total	Net Sales	Percentage to total	Net Sales	Percentage to total
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
Capacitors for electronics	81,966	57.6	100,613	54.4	18,646	22.7
Capacitors for electric utilities and power apparatus, and capacitor- applied systems	19,435	13.7	23,387	12.7	3,951	20.3
Circuit products	40,416	28.4	60,363	32.7	19,947	49.4
Other	379	0.3	361	0.2	(18)	(4.9)
Total	142,198	100.0	184,725	100.0	42,527	29.9

(2) Capital Investment

We made a total capital investment of ¥11,200 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 strengthening our business in film capacitors for xEVs.

(3) Financing

Our main financing activities during the consolidated fiscal year was the procurement of a loan (green loan) of ¥10,000 million from our main banks to provide the necessary capital expenditure for our capacity business, as well as to finance the development of products and services that contribute to solving global environmental issues.



(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, conductive polymer hybrid aluminum 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, EV/PHV quick chargers, environment-related V2H system products, 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, on the technology side, we are expanding from needs development to product development, as well as “seeds” development through industry-academia collaboration. On the production side, on top of promoting initiatives such as continuous quality improvement, we are implementing KPI target management based on common indicators to strengthen our processes.

In our NECST business, in response to the megatrend of decarbonization, we are further enhancing our value proposition 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 as well as surging energy prices, and our roll-out of total zero-carbon systems featuring our energy storage and power control technologies. In addition, 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 Mover<sup>®</sup>), and V2H systems. With regard to circuit products, 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 business, we are aiming to expand globally with large special power supplies and accelerator power supplies for medical and scientific use, thereby contributing to social infrastructure. 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 combination with advances in digital transformation (DX), these values could transform our industrial structure and social economy, and create significant business opportunities. In the future, we may see 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), the promotion of DX has become a prerequisite from the aspect of strengthening corporate competitiveness. To achieve business growth, it is not enough to simply produce good products and technologies; we are also putting effort into capitalizing on DX to improve profitability by enhancing customer services, increasing productivity, and improving investment efficiency. By refining our “earning power” as above, we will 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 corporate governance and compliance systems.

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 analyzing the business risks and opportunities arising from climate change and applying it to our medium to long term business development as well as CO2 reduction initiatives, and disclosing information relating to our governance and strategy.

Based on the Group's human resource philosophy that people are the source of Nichicon's vitality, we believe that “people” are the Group’s most valuable asset. Accordingly, we strive to enhance our human resource systems and work environment, 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 that 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.

In addition, the Board of Directors conducts periodic evaluation of the appropriateness of continued cross-shareholdings, from various aspects including the transaction volume and relationship with the invested company from a medium to long term viewpoint, as well as the financial soundness, share price, and dividends of the invested company. We will wind down cross-shareholdings for which the merit gained from owning such shares has diminished, through continued dialogue with related business partners, etc.

Total amount of cross-shareholdings recorded on the consolidated balance sheet (as of March 31, 2023)

Category	86th Fiscal Year (Ended March 31, 2021)	87th Fiscal Year (Ended March 31, 2022)	88th Fiscal Year (Current Year) (Ended March 31, 2023)
Number of stock names	48	47	42
Total consolidated balance sheet amount (Millions of yen)	34,462	27,100	23,581
Ratio to consolidated net assets (%)	38.6	28.6	23.3

(Note) The Company does not own any deemed shareholdings.

(5) Financial and Profit/Loss Indicators

Category	85th Fiscal Year (Ended March 31, 2020)	86th Fiscal Year (Ended March 31, 2021)	87th Fiscal Year (Ended March 31, 2022)	88th Fiscal Year (Ended March 31, 2023)
Net sales (Millions of ¥)	119,675	116,073	142,198	184,725
Ordinary profit (Millions of ¥)	3,621	3,015	8,594	15,263
Profit attributable to owners of parent (Millions of ¥)	2,812	1,703	7,902	7,814
Profit per share (¥)	40.59	24.90	115.50	114.22
Total assets (Millions of ¥)	139,426	156,008	170,112	192,339
Net assets (Millions of ¥)	77,450	89,266	94,652	101,354
Net assets per share (¥)	1,104.87	1,274.33	1,350.76	1,444.66

- (Notes) 1. Net profit 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 onward 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 utilities and power apparatus, 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 Liniac 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.	RM 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, 2023)

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 <sup>®</sup> 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, 2023)

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, 2023)

i. Employees of the Nichicon Group

Number of employees	Change from end of the previous consolidated fiscal year
5,408	Down 179

ii. Employees of the Company

Number of employees	Change from end of previous fiscal year	Average age	Average length of service
538	Up 16	45.1	10.2 years

(10) Major Lenders (as of March 31, 2023)

Lenders	Loan outstanding
Mizuho Bank, Ltd.	¥4,650 million
The Bank of Kyoto, Ltd.	¥4,650 million
Sumitomo Mitsui Banking Corporation	¥4,650 million
MUFG Bank, Ltd.	¥4,650 million
Nippon Life Insurance Company	¥2,000 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 judgments 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. We also gradually reached settlements on the individual actions filed by capacitor buyers who had opted out of the class action, and in November 2022, concluded a settlement agreement with the remaining four plaintiffs including a payment by us of US\$ 34 million, closing all individual actions. With regard to the Canada class action, a settlement agreement was concluded in March 2023 with the plaintiffs which includes a payment of by us of C\$ 14.5 million. This will also be officially confirmed through court approval procedures, which we will continue to follow 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: 68,416,227 shares (excluding 9,583,773 treasury shares)  
 (2) Number of Shareholders as of the End of the Fiscal Year under Review: 23,697  
 (4) Ten Largest Shareholders:

Name of shareholder	Number of shares held (thousands)	Percentage of total shares issued (%)
The Master Trust Bank of Japan (Trust account)	7,631	11.2
Nichicon Suppliers' Stock Ownership Program	3,483	5.1
The Bank of Kyoto, Ltd.	3,409	5.0
Custody Bank of Japan, Ltd. (Trust account)	3,023	4.4
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	1,640	2.4
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,419	2.1

- (Notes) 1. The Company holds 9,583,000 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, 2023)

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 Division 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 Mtg. Co., Ltd.
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, and 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.

(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	
Directors (of which Outside Directors)	205 (20)	165 (20)	40 (-)	7 (3)
Company Auditors (of which Outside Company Auditors)	38 (24)	38 (24)	- (-)	4 (3)
Total (of which Outside Directors and Outside Company Auditors)	244 (45)	204 (45)	40 (-)	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 10 out of 10 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 9 out of 10 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 10 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 10 out of 10 meetings of the Board of Directors and 12 out of 12 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 10 out of 10 meetings of the Board of Directors and 12 out of 12 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 10 out of 10 meetings of the Board of Directors and 12 out of 12 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, three written resolutions were 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
Amount of compensation for the fiscal year under review	¥59 million
Total remuneration and fees to be paid to the Accounting Auditor by the Company and its subsidiaries	¥62 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. In order to ensure the Directors and employees of the Company and Nichicon Group companies realize our Management Philosophy, we strive to comply not only with laws and regulations and the Articles of Incorporation and internal rules of the Company, but also with sound social norms and ethics, to manage our business in accordance with the Nichicon Group Code of Conduct (originally adopted in October 2002 and revised in April 2013), and to foster a corporate culture as well as promote training and raising of awareness based on the foregoing. The revised Code of Conduct incorporates the requirements outlined in the code of conduct set forth by the Responsible Business Alliance (former Electronic Industry Code of Conduct) with regard to labor, environment, health and safety, and ethics.

For the purpose of ensuring the effectiveness of internal control, we also have in place the Sustainability Promotion Committee, chaired by the Representative Director and President of the Company.
  - ii. We seek to ensure compliance by conducting compliance awareness-raising activities and education activities held at conferences and all-hands meetings at the beginning of workdays on a regular basis. We also have in place an internal reporting system (Compliance Hotline). In addition, the Compliance/Competition Law Compliance and Risk Management Subcommittee under the Sustainability Promotion Committee is responsible for developing and implementing an internal system that ensures adherence to laws, regulations and rules, and for regularly raising awareness by providing training and materials for compliance-training sessions.
  - iii. The Internal Audit Office verifies awareness of compliance issues and maintenance of a proper control environment through its regular internal audits of the Company and Nichicon Group companies.
  - iv. We also have a system in place that enables Company Auditors to present their opinions and request improvements whenever they identify a problem with respect to compliance by the Company and Nichicon Group companies with laws and regulations or the Articles of Incorporation.
  - 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 continues to be a fair and ethical company. We take an uncompromising stance in this matter 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 Sustainability Promotion Committee, chaired by the Representative Director and President of the Company. The Compliance/Competition Law Compliance and Risk Management Subcommittee established under the Committee, in liason with 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, health and safety, 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 ensure effective risk management by evaluating and confirming the execution of internal control activities in accordance with relevant laws and regulations. For the purpose of ensuring the above, we 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 which define the duties and responsibilities that come with each job position and the responsibilities of each organizational unit with regard to directors and employees of the Company and Nichicon Group companies. We ensure management efficiency through these regulations, and 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 they belong to, 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 Auditor 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 Proper 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 10 times to make important management decisions and 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 12 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 the Accounting Auditor; and internal audits. The Company auditors, the Accounting Auditor, 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 Sustainability Promotion Committee, which is comprised of the Environment & Energy Subcommittee, the Compliance/Competition Law Compliance and Risk Management Subcommittee, and the Diversity Subcommittee held joint sessions every month to promote the implementation of initiatives on sustainable growth and corporate social responsibilities of the Company and Nichicon Group companies, and provided progress reports to the Board of Directors and the Board of Company Auditors.

## Consolidated Balance Sheet

(As of March 31, 2023)

(Millions of yen)

Assets		Liabilities	
<b>Current Assets</b>	<b>115,830</b>	<b>Current Liabilities</b>	<b>60,530</b>
Cash and deposits	25,068	Notes and accounts payable – trade	17,755
Notes and accounts receivable – trade and contract assets	42,413	Electronically recorded obligations	13,138
Electronically recorded monetary claims – operating	6,615	Short-term borrowings	10,600
Securities	600	Current portion of long-term borrowings	1,250
Merchandise and finished goods	13,826	Accounts payable – other	5,674
Work in process	7,119	Accrued expenses	3,560
Raw materials and supplies	16,257	Income taxes payable	1,327
Other	4,018	Contract liabilities	3,251
Allowance for doubtful accounts	(89)	Provision for bonuses	1,360
		Provision for bonuses for directors	40
		Notes payable – facilities	295
		Other	2,276
<b>Non-Current Assets</b>	<b>76,492</b>	<b>Non-Current Liabilities</b>	<b>30,453</b>
<b>Property, plant and equipment</b>	<b>44,314</b>	Convertible bond-type bonds with share acquisition rights	12,040
Buildings and structures	13,824	Long-term borrowings	8,750
Machinery, equipment and vehicles	18,034	Lease obligations	822
Land	5,163	Deferred tax liabilities	4,605
Leased assets	1,109	Provision for product warranties	2,056
Construction in progress	4,417	Retirement benefit liability	1,468
Other	1,764	Other	710
<b>Intangible assets</b>	<b>1,293</b>		
		<b>Total Liabilities</b>	<b>90,984</b>
		<b>Net Assets</b>	
<b>Investments and other assets</b>	<b>30,884</b>	<b>Shareholders' Equity</b>	<b>80,457</b>
Investment securities	27,862	Share Capital	14,286
Long-term loans receivable	1,846	Capital surplus	16,860
Deferred tax assets	533	Retained earnings	60,938
Retirement benefit asset	459	Treasury shares	(11,627)
Other	957	<b>Accumulated other comprehensive income</b>	<b>18,380</b>
Allowance for doubtful accounts	(775)	Valuation difference on available-for-sale securities	11,724
		Foreign currency translation adjustment	6,656
<b>Deferred assets</b>	<b>15</b>	<b>Non-controlling interests</b>	<b>2,516</b>
Bond issuance costs	15		
		<b>Total Net Assets</b>	<b>101,354</b>
<b>Total Assets</b>	<b>192,339</b>	<b>Total Liabilities and Net Assets</b>	<b>192,339</b>

## Consolidated Statement of Income

(From April 1, 2022 To March 31, 2023)

(Millions of yen)

Accounts	Amount
<b>Net sales</b>	<b>184,725</b>
<b>Cost of sales</b>	<b>150,977</b>
<b>Gross profit</b>	<b>33,747</b>
<b>Selling, general and administrative expenses</b>	<b>21,071</b>
<b>Operating profit</b>	<b>12,676</b>
<b>Non-operating income</b>	<b>3,018</b>
Interest and dividend income	700
Share of profit of entities accounted for using equity method	64
Foreign exchange gains	1,730
Other	523
<b>Non-operating expenses</b>	<b>431</b>
Interest expenses	71
Provision of allowance for doubtful accounts	232
Other	128
<b>Ordinary profit</b>	<b>15,263</b>
<b>Extraordinary income</b>	<b>1,134</b>
Gain on sale of non-current assets	10
Gain on sale of investment securities	1,123
<b>Extraordinary loss</b>	<b>6,426</b>
Loss on disposal of non-current assets	16
Loss on valuation of investment securities	14
Losses relating to antitrust laws	<b>6,395</b>
<b>Profit before income tax es</b>	<b>9,970</b>
Income taxes-current	2,428
Income taxes-deferred	(531)
<b>Profit</b>	<b>8,074</b>
Profit attributable to non-controlling interests	259
<b>Profit attributable to owners of parent</b>	<b>7,814</b>

## Consolidated Statement of Changes in Shareholders' Equity

( From April 1, 2022  
To March 31, 2023 )

(Millions of yen)

	Shareholders' Equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2022	14,286	16,860	55,039	(11,626)	74,560
Changes during period					
Dividends of surplus			(1,915)		(1,915)
Profit attributable to owners of parent			7,814		7,814
Purchase of treasury shares				(1)	(1)
Net changes in items other than shareholders' equity					
Total changes during period	—	—	5,898	(1)	5,897
Balance as of March 31, 2023	14,286	16,860	60,938	(11,627)	80,457

	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, 2022	13,950	(4)	3,908	17,855	2,237	94,652
Changes during period						
Dividends of surplus						(1,915)
Profit attributable to owners of parent						7,814
Purchase of treasury shares						(1)
Net changes in items other than shareholders' equity	(2,226)	4	2,747	525	279	804
Total changes during period	(2,226)	4	2,747	525	279	6,701
Balance as of March 31, 2023	11,724	—	6,656	18,380	2,516	101,354

## 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 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 as well as work in process are in principle valued at cost as determined by the goods, and work in process: 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 shown 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 13 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: The Group records a provision for product warranties based on historical experience and estimated costs of providing, during the warranty period, free-of-charge services for the products it sells.
- (c) Provision for bonuses: To provide bonus payments to employees, the Group books provisions 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 bonus payments to directors, the Group books provisions 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 mainly manufactures and sells capacitors and related products. Considering indicators of the transfer of control such as the transfer of physical possession, and the significant risks and rewards of ownership of the asset, the Group determines that performance obligations are satisfied at the time the products are delivered to customers and recognizes revenue from the sale of such products. The Group mainly receives consideration for the sale of products within six months.
- (b) Long-term Contract  
 The Group enters into long-term contracts for production of certain capacitors and related products. When the Group's performance does not create an asset with an alternative use and has an enforceable right to payment for performance completed to date, the Group transfers control of assets arising from the Group's performance over time. The Group recognizes revenue based on the progress in satisfying the performance obligations over the contractual period, measuring progress at the end of each reporting period. In case of contracts with a very short term from the date of transaction commencement to the date when all performance obligations are expected to be satisfied, the Group recognizes revenue at the point in time when all contractual obligations have been satisfied. The Group mainly receives consideration for the long-term contract within one year in accordance with terms and conditions.
- 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 dates, and their revenues and expenses are converted into Japanese yen using the average rates during the periods 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 Company 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) Accounting treatment of corporate and local income taxes and related tax effect accounting  
Starting from the current consolidated fiscal year, the Company and some of its domestic consolidated subsidiaries have adopted the Group Tax Sharing System. The Company implements and discloses its accounting treatment of corporate and local income taxes and related tax effect accounting in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ, PITF No. 42, August 12, 2021).
2. Notes on Changes in Accounting Policy  
(Application of ASU2016-02 (Leases))  
Certain overseas consolidated subsidiaries that have adopted Generally Accepted Accounting Principles of the U.S. (USGAAP) have applied ASU2016-02 (Leases) from the beginning of the current consolidated fiscal year, under which lessees are in principle required to recognize all leases as assets and liabilities on their balance sheets.  
In applying this standard, the Group has employed the method in which the cumulative effect of applying this standard is recognized on the date of initial application, which is allowed as a transitional measure. The impact on the consolidated financial statements is immaterial.
3. Notes on Changes in Presentation Method  
"Contract liabilities", which was included and presented as "Other" under "Current liabilities" until the previous consolidated fiscal year, is presented separately from the current consolidated fiscal year due to its increased significance in terms of amount.  
Contract liabilities as of the end of the previous consolidated fiscal year was ¥328 million.
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, 2023  
As of March 31, 2023, the Group has booked a total of ¥44,314 million of tangible fixed assets, including ¥13,824 million of buildings and structures and ¥18,034 million of 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, as well as machinery, equipment and vehicles that are used for the manufacturing and sale of capacitors and capacitor-related products. The Group identifies its 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, and capacitor-applied systems. 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.



Undiscounted future cash flow is calculated taking into account factors such as the use value based on a business plan, including anticipated sales plans and 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, 2023

As of March 31, 2023, the Group recorded ¥533 million of deferred tax assets and ¥4,605 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 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 anticipated sales plans and production plans based on the market trends, approved by management.

In the event that future business plans require a review for reasons such as deterioration in market environment compared with our assumptions, the Company 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:	¥1,401 million	Accounts receivable – trade:	¥40,857 million
(2) Accumulated Depreciation on Property, Plant and Equipment			¥145,133 million
(3) Deductive Entries from Acquisition Costs for Non-Current Assets			
Buildings and structures:	¥1,809 million	Machinery, equipment and vehicles:	¥3,287 million
Land:	¥1,182 million		

6. Notes on the Consolidated Statement of Income

(Losses relating to antitrust laws)

The Group had been addressing damage claims from purchasers of condensers who had opted out from the class actions in relation to the investigations conducted by the US anti-competition regulatory authorities. A settlement agreement has been concluded between the parties which includes a payment of US\$ 34 million. With this settlement, all individual actions in the US have now been settled.

In addition, with regard to the class action in Canada, a settlement agreement has been concluded with the plaintiffs which includes a payment of C\$ 14.5 million.

The Company has booked the settlement amounts amounting to ¥6,395 million as “Losses relating to antitrust laws” under extraordinary 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, 2022	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, 2023
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, 2022	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, 2023
Common stock	9,582	0	—	9,583

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 87th Ordinary General Meeting of Shareholders held on June 29, 2022:

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

- b. Matters concerning dividends in accordance with the resolution adopted at the meeting of the Board of Directors held on November 7, 2022

• Aggregate amount of dividends	¥957 million
• Dividend per share	¥14.00
• Record date	September 30, 2022
• Effective date	December 7, 2022

## ii. Dividends whose dates of record fell during the current consolidated fiscal year and effective dates fell on or after April 1, 2023

A proposal will be made as follows at the 88th Ordinary General Meeting of Shareholders to be held on June 29, 2023:

• Aggregate amount of dividends	¥1,094 million
• Source of dividends	Retained earnings
• Dividend per share	¥16.00
• Record date	March 31, 2023
• Effective date	June 30, 2023

## 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 (including green loans) 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, accounts receivable and 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 borrowings, and acquisition of treasury shares.

We execute 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, 2023, which was the consolidated balance sheet date.

	Consolidated balance sheet amount (Millions of yen)	Fair value (Millions of yen)	Difference (Millions of yen)
(1) Securities and investment securities			
i. Held-to-maturity debt securities	504	501	(2)
ii. Available-for-sale securities	23,628	23,628	—
iii. Shares of subsidiaries and affiliated companies	1,438	2,519	1,081
(2) Short-term and long-term loans receivable (*2)	2,043		
Allowance for doubtful accounts (*3)	(545)		
	1,497	1,497	—
<b>Total assets</b>	<b>27,068</b>	<b>28,147</b>	<b>1,079</b>
(1) Convertible bond-type bonds with share acquisition rights	12,040	12,405	365
(2) Long-term borrowings (*4)	10,000	9,972	(27)
<b>Total liabilities</b>	<b>22,040</b>	<b>22,377</b>	<b>337</b>

\*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 fair value approximates book 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 long-term loans receivable.

\*4 Long-term borrowings include current portion of long-term borrowings.

Note 1: Stocks or other securities without market value

Category	Consolidated balance sheet amount (Millions of yen)
Unlisted stocks	2,892

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 yen)	Due in more than one but less than five years (Millions of yen)	Due in more than five but less than 10 years (Millions of yen)	Due in more than 10 years (Millions of yen)
Securities and investment securities				
Held-to-maturity debt securities	200	304	—	—
Certificate of Deposit (CD)	400	—	—	—
Short-term and long-term loans receivable	196	682	713	450
<b>Total</b>	<b>797</b>	<b>986</b>	<b>713</b>	<b>450</b>

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

	Due in one year or less (Millions of yen)	Due in more than one and up to two years (Millions of yen)	Due in more than two and up to three years (Millions of yen)	Due in more than three and up to four years (Millions of yen)	Due in more than four years (Millions of yen)
Convertible bond-type bonds with share acquisition rights	—	12,000	—	—	—
Long-term borrowings	1,250	2,500	2,500	2,500	1,250
Total	1,250	14,500	2,500	2,500	1,250

(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

Category	(Millions of yen)			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities	23,628	—	—	23,628
Total assets	23,628	—	—	23,628

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

Category	(Millions of yen)			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Held-to-maturity debt securities	—	501	—	501
Shares of subsidiaries and affiliated companies	2,519	—	—	2,519
Short-term and long-term loans receivable	—	2,043	—	2,043
Allowance for doubtful accounts	—	(545)	—	(545)
	—	1,497	—	1,497
Total assets	2,519	1,999	—	4,519
Convertible bond-type bonds with share acquisition rights	—	12,405	—	12,405
Long-term borrowings	—	9,972	—	9,972
Total liabilities	—	22,377	—	22,377

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.

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 yen)

	Product category				
	Capacitors for electronics	Capacitors for electric utilities and power apparatus, and capacitor-applied systems	Circuit products	Other	Total
Net sales					
(Location)					
Japan	25,982	15,363	39,179	361	80,886
U.S.A.	11,579	5,996	8	—	17,583
Asia	51,152	1,988	21,175	—	74,317
Europe and other regions	11,899	38	—	—	11,938
Total	100,613	23,387	60,363	361	184,725
(Timing of revenue recognition)					
Goods transferred at a specific point in time	100,613	22,891	60,363	361	184,230
Goods transferred over a specific period of time	—	495	—	—	495
Total	100,613	23,387	60,363	361	184,725

(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 transaction terms.

Contract liabilities are primary considerations received from customers before delivery of products.

i. Balance of contract assets and contract liabilities

	Current consolidated fiscal year
Contract assets	¥154 million
Contract liabilities	¥3,251 million

Of the revenue recognized during the current consolidated fiscal year, ¥328 million 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	¥160 million
Due in more than one year	¥1,480 million
Total	¥1,640 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: ¥1,444.66  
(2) Net profit per share: ¥114.22

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.

## Balance Sheet

(As of March 31, 2023)

(Millions of yen)

Assets		Liabilities	
<b>Current Assets</b>	<b>69,971</b>	<b>Current Liabilities</b>	<b>39,575</b>
Cash and deposits	11,437	Notes payable – trade	222
Notes receivable - trade	1,028	Electronically recorded obligations	1,179
Electronically recorded monetary claims – operating	6,244	Accounts payable - trade	18,482
Accounts receivable - trade	43,555	Short-term borrowings	10,600
Contract assets	154	Current portion of long-term borrowings	2,158
Merchandise and finished goods	2,092	Accounts payable – other	3,907
Work in process	366	Accrued expenses	573
Raw materials and supplies	429	Income taxes payable	486
Other	4,717	Contract liabilities	1,554
Allowance for doubtful accounts	(55)	Provision for bonuses	339
		Provision for bonuses for directors	40
		Other	31
<b>Non-Current Assets</b>	<b>60,285</b>	<b>Non-Current Liabilities</b>	<b>28,582</b>
<b>Property, plant and equipment</b>	<b>14,585</b>	Convertible bond-type bonds with share acquisition rights	12,040
Buildings	7,240	Long-term borrowings	8,750
Structures	50	Deferred tax liabilities	4,596
Machinery and equipment	1,492	Provision for retirement benefits	698
Vehicles	4	Provision for product warranties	1,848
Tools, furniture and fixtures	384	Other	648
Land	4,646	<b>Total Liabilities</b>	<b>68,157</b>
Construction in progress	766		
<b>Intangible assets</b>	<b>726</b>	<b>Net Assets</b>	
<b>Investments and other assets</b>	<b>44,973</b>	<b>Shareholders' Equity</b>	<b>50,496</b>
Investment securities	23,581	<b>Share Capital</b>	<b>14,286</b>
Shares of subsidiaries and associates	15,165	<b>Capital surplus</b>	<b>17,068</b>
Long-term loans receivable	13,882	Legal capital surplus	17,065
Other	758	Other capital surplus	3
Allowance for doubtful accounts	(8,415)	<b>Retained earnings</b>	<b>30,768</b>
<b>Deferred assets</b>	<b>15</b>	Legal retained earnings	2,141
Bond issuance costs	15	Other capital earnings	28,626
		Reserve for tax purpose reduction entry of non-current assets	56
		General reserve	16,517
		Retained earnings brought forward	12,053
		<b>Treasury shares</b>	<b>(11,627)</b>
		<b>Valuation and translation adjustments</b>	<b>11,618</b>
		<b>Valuation difference on available-for-sale securities</b>	<b>11,618</b>
		<b>Total Net Assets</b>	<b>62,115</b>
<b>Total Assets</b>	<b>130,273</b>	<b>Total Liabilities and Net Assets</b>	<b>130,273</b>

## Statement of Income

(From April 1, 2022 To March 31, 2023)

(Millions of yen)

Accounts	Amount
<b>Net sales</b>	<b>142,216</b>
<b>Cost of sales</b>	<b>126,349</b>
<b>Gross profit</b>	<b>15,867</b>
<b>Selling, general and administrative expenses</b>	<b>9,384</b>
<b>Operating profit</b>	<b>6,483</b>
<b>Non-operating income</b>	<b>6,353</b>
Interest and dividend income	3,736
Foreign exchange gains	1,886
Technical advisory fee income	614
Other	116
<b>Non-operating expenses</b>	<b>375</b>
Interest expenses	80
Provision of allowance for doubtful accounts	239
Other	55
<b>Ordinary profit</b>	<b>12,461</b>
<b>Extraordinary income</b>	<b>1,123</b>
Gain on sale of investment securities	1,123
<b>Extraordinary loss</b>	<b>6,414</b>
Loss on disposal of non-current assets	4
Loss on valuation of investment securities	14
Losses relating to antitrust laws	6,395
<b>Profit before income taxes</b>	<b>7,171</b>
Income taxes-current	1,125
Income taxes-deferred	(103)
<b>Profit</b>	<b>6,148</b>



## Statement of Changes in Shareholders' Equity

( From April 1, 2022  
To March 31, 2023 )

(Millions of yen)

	Shareholders' equity										
	Share capital	Capital surplus			Retained earnings					Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings		
						Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward			
Balance as of April 1, 2022	14,286	17,065	3	17,068	2,141	56	16,517	7,820	26,535	(11,626)	46,264
Changes during period											
Dividends of surplus								(1,915)	(1,915)		(1,915)
Reversal of reserve for tax purpose reduction entry of non-current assets						(0)		0	—		—
Profit								6,148	6,148		6,148
Purchase of treasury shares										(1)	(1)
Net changes in items other than shareholders' equity											
Total changes during period	—	—	—	—	—	(0)	—	4,233	4,233	(1)	4,231
Balance as of March 31, 2023	14,286	17,065	3	17,068	2,141	56	16,517	12,053	30,768	(11,627)	50,496

	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, 2022	13,691	(4)	13,687	59,952
Changes during period				
Dividends of surplus				(1,915)
Reversal of reserve for tax purpose reduction entry of non-current assets				—
Profit				6,148
Purchase of treasury shares				(1)
Net changes in items other than shareholders' equity	(2,073)	4	△2,069	(2,069)
Total changes during period	(2,073)	4	(2,069)	2,162
Balance as of March 31, 2023	11,618	—	11,618	62,115

## 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 process: Merchandise and finished goods, as well as work in process 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 on or 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.
    - (2) 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 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 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 mainly manufacture and sells capacitors and related products. Considering indicators of the transfer of control such as the transfer of physical possession, and the significant risks and rewards of ownership of the asset, the Company determines that performance obligations are satisfied at the time the product are delivered to the customers and recognizes revenue from the sale of such products. The Company mainly receives consideration for the sale of products within six months.

- ii. Long-term Contracts
 

The Company enters into long-term contracts for production of certain capacitors and related products. When the Company's performance does not create an assets with an alternative use and has an enforceable right to payment for performance completed to date, the Company transfers control of assets arising from the Company's performance over time. The Company recognizes revenue based on the progress in satisfying the performance obligations over the contractual period, measuring progress at the end of each reporting period. In case of contracts with a very short term from the date of transaction commencement to the date when all performance obligations are expected to be satisfied, the Company recognizes revenue at the point in time when all performance obligations have been satisfied. The Company mainly receives consideration for the long-term contract within one year in accordance with terms and conditions.
  - (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) Adoption of Group Tax Sharing System
 

The Company has adopted the Group Tax Sharing System.
- 2. Notes on Changes in Accounting Policy
 

Not applicable
  - 3. Notes on Changes in Presentation Method
 

"Contract liabilities", which was included and presented as "Other" under "Current liabilities" until the previous fiscal year, is presented separately from the current fiscal year due to its increased significance in terms of amount.  
Contract liabilities as of the end of the previous consolidated fiscal year was ¥131 million.
  - 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, 2023
 

As of March 31, 2023, the Company recorded ¥4,596 million of deferred tax liabilities (deferred tax assets before netting with deferred tax liabilities was ¥551 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	¥24,934 million
Long-term receivables	¥13,882 million
Short-term payables	¥12,776 million

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

(3) Accumulated Depreciation on Tangible Fixed Assets ¥34,667 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.	¥3,056 million
Nichicon (Ohno) Corp.	¥2,461 million
Nichicon (Wakasa) Corp.	¥2,332 million
Nichicon (Iwate) Corp.	¥2,000 million
Nichicon (Kameoka) Corp.	¥1,646 million
Other	¥1,814 million

Total ¥13,312 million

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

Buildings	¥1,263 million	Land	¥1,048 million
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6. Notes on the Non-consolidated Statement of Income

(1) Transactions with Subsidiaries and Affiliated Companies

i. Sales	¥60,999 million
ii. Purchases	¥83,142 million
iii. Non-sales transactions	¥3,994 million

(2) Losses Relating to Antitrust Laws

The Group had been addressing damage claims from purchasers of condensers who had opted out from the class actions in relation to the investigations conducted by the US anti-competition regulatory authorities. A settlement agreement has been concluded between the parties which includes a payment of US\$ 34 million. With this settlement, all individual actions in the US have now been settled.

In addition, with regard to the class action in Canada, a settlement agreement has been concluded with the plaintiffs which includes a payment of C\$ 14.5 million.

The Company has booked the settlement amounts amounting to ¥6,395 million as “Losses relating to antitrust laws” under extraordinary losses.

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, 2022	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, 2023
Common stock	9,582	0	—	9,583

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

8. Notes on Tax Effect Accounting

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

Deferred tax assets	
Tax loss carried forward	¥4,915 million
Amount in excess of deductible expense limit for tax purposes (allowance for doubtful accounts)	¥2,591 million
Amount in excess of deductible expense limit for tax purposes (provision for bonuses)	¥103 million
Amount in excess of deductible expense limit for tax purposes (provision for retirement benefits)	¥213 million
Loss on valuation of shares of subsidiaries and affiliated companies	¥3,964 million
Other	¥1,795 million
<u>Subtotal of deferred tax assets</u>	<u>¥13,584 million</u>
Valuation-related reserves concerning loss carried forward	(¥4,363 million)
Valuation-related reserves concerning the sum of deductible and temporary difference	(¥8,669 million)
<u>Total of valuation reserves</u>	<u>(¥13,033 million)</u>
Total of deferred tax assets	¥551 million
Deferred tax liabilities	
Valuation difference on available-for-sale securities	¥5,122 million
Reserve for tax reduction entry of land	¥23 million
Other	¥1 million
<u>Total deferred tax liabilities</u>	<u>¥5,147 million</u>
Net deferred tax liabilities	¥4,596 million

(2) Accounting treatment of corporate and local income taxes and related tax effect accounting

Starting from the current fiscal year, the Company has adopted the Group Tax Sharing System. The Company implements and discloses its accounting treatment of corporate and local income taxes and related tax effect accounting in accordance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ, PITF No. 42, August 12, 2021).

9. Notes on Related-Party Transactions  
Transactions with Subsidiaries and Affiliated Companies

(Millions of yen)

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)	55	Accounts receivable - trade	4,090
				Purchase of raw materials (*4)	10,170	Accounts payable - trade	3,770
				Receipt of interest (*1)	18	Long-term loans receivable (*2)	1,600
	Nichicon (Kusatsu) Corp.	Directly Owned 100%	Financial support Concurrent directorships Lease of land and buildings, etc.	Purchase of products (*4)	15,997	Accounts payable - trade	0
				Receipt of interest (*1)	23	Long-term loans receivable (*2)	2,200
				Guarantee for electronically recorded obligations (*5)	3,056		—
	Nichicon (Kameoka) Corp.	Directly Owned 100%	Financial support Concurrent directorships Lease of land and buildings, etc.	Receipt of interest (*1)	50	Long-term loans receivable (*2)	4,474
				Guarantee for electronically recorded obligations (*5)	1,646		—
	Nichicon (Ohno) Corp.	Directly Owned 100%	Financial support Concurrent directorships Lease of land and buildings, etc.	Sale of raw materials (*4)	128	Accounts receivable - trade	1,777
				Purchase of products (*4)	16,948	Accounts payable - trade	575
				Receipt of interest (*1)	20	Long-term loans receivable (*2)	1,740
				Guarantee for electronically recorded obligations (*5)	2,461		—
	Nichicon (Iwate) Corp.	Directly Owned 100%	Concurrent directorships Lease of land and buildings, etc.	Purchase of products (*4)	10,282	Accounts payable - trade	2,535
Guarantee for electronically recorded obligations (*5)				2,000		—	
Nichicon (Wakasa) Corp.	Directly Owned 100%	—	Sale of raw materials (*4)	623	Accounts receivable - trade	2,507	
			Purchase of products (*4)	9,419	Accounts payable - trade	2,149	
			Guarantee for electronically recorded obligations (*5)	2,332		—	
Yutaka Electric Mfg. Co., Ltd.	Directly Owned 100%	Financial support Concurrent directorships	Receipt of interest (*1)	31	Long-term loans receivable (*2)	2,787	
Nichicon (America) Corp.	Directly Owned 100%	Borrowing of funds Concurrent directorships	Payment of interest (*3)	45	Long-term borrowings (*3)	908	
Nichicon (Austria) GmbH	Directly Owned 100%	Concurrent directorships	Sale of products (*4)	8,112	Accounts receivable - trade	2,286	
Nichicon (Hong Kong) Ltd.	Directly Owned 100%	—	Sale of products (*4)	20,373	Accounts receivable - trade	5,937	
Nichicon Electronics Trading (Shanghai) Co., Ltd.	Directly Owned 80% Indirectly 20%	—	Sale of products (*4)	10,842	Accounts receivable - trade	1,822	
Harbor Electric Co., Ltd.	Directly Owned 47.5% Indirectly 31.5%	Financial support	Receipt of interest (*1)	16	Long-term loans receivable (*2)	1,301	

- Notes: 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 ¥8,185 million has been reserved for long-term loans receivable from subsidiaries. A total of ¥239 million of allowance for doubtful accounts was posted in the current fiscal year. Long-term loans receivable include current portion of long-term loans receivable.  
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 the same information is provided in “10. Notes on Revenue Recognition” in “Notes to Consolidated Financial Statements.”

11. Notes on Per Share Information

(1) Net assets per share:	¥907.90
(2) Profit per share:	¥89.87

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.

**INDEPENDENT AUDITOR'S REPORT**

May 19, 2023

To the Board of Directors of  
NICHICON CORPORATION:

Deloitte Touche Tohmatsu LLC  
Kyoto office

Designated Engagement Partner,  
Certified Public Accountant:  
Keiko Hishimoto

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, 2023, and the consolidated statement of income and consolidated statement of changes in equity for the fiscal year from April 1, 2022 to March 31, 2023, 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, 2023, 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.

**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 Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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. The other information in "the accompanying supplemental schedules" referred to in the "Other Information" section of this English translation is not translated.

**INDEPENDENT AUDITOR'S REPORT**

May 19, 2023

To the Board of Directors of  
NICHICON CORPORATION:

Deloitte Touche Tohmatsu LLC  
Kyoto office  
Designated Engagement Partner,  
Certified Public Accountant:  
Keiko Hishimoto

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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, 2023, and the nonconsolidated statement of income and nonconsolidated statement of changes in equity for the 88th fiscal year from April 1, 2022 to March 31, 2023, 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, 2023, and its 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 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.

**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. "The accompanying supplemental schedules" referred to in the "Opinion" section of this English translation are not included in the attached financial documents. In addition, the other information in "the accompanying supplemental schedules" referred to in the "Other Information" section of this English translation is not translated.

## AUDIT REPORT

The Board of Company Auditors received audit reports prepared by Company auditors concerning the directors' execution of their duties during the 88th fiscal year ended March 31, 2023. 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 its 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 Auditor 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 its auditing policies and 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 the 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 pursuant to the applicable laws and regulations, and the Articles of Incorporation.
- 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, it appealed against the assessments and judgments 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 the 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 European Commission imposed a fine on the Company. In May the same year, the Company filed a lawsuit to appeal against the assessments and judgment on which the imposition of the fine was based. 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 22, 2023

The Board of Company Auditors, Nichicon Corporation

Standing Company Auditor Sachihiko Araki

Standing Company Auditor (Outside) Yoshihiko Nakatani

Outside Company Auditor Hideki Ohnishi

Outside Company Auditor Masahiro Morise

-End-