

NIPPON CHEMI-CON CORPORATION

**REPORT OF CONSOLIDATED
FINANCIAL STATEMENTS**

As of and for the year ended
March 31, 2022

Independent Auditor's Report

The Board of Directors
Nippon Chemi-Con Corporation

Opinion

We have audited the accompanying consolidated financial statements of Nippon Chemi-Con Corporation (the Company) and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2022, and the consolidated statements of operations, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

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

Basis for Opinion

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

Key Audit Matters

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

Recoverability of Deferred Tax Assets of Nippon Chemi-Con Corporation	
Description of Key Audit Matter	Auditor's Response
The Group recognized deferred tax assets of ¥1,244 million on consolidated balance sheet as of March 31, 2022. As described in Note 8. Income Taxes, the amount of deferred tax assets before offsetting against the deferred tax liabilities is ¥2,481 million, which is a total of gross deferred tax asset for deductible temporary differences and tax loss carryforwards of ¥10,852 million offset by the valuation allowance of ¥8,370 million. Of this	The audit procedures we performed to assess the recoverability of deferred tax assets included the following, among others: <ul style="list-style-type: none">• We examined the amount of deductible temporary differences and tax loss carryforwards by involving our tax professionals.• We examined the schedule of the years in which deductible temporary differences and tax loss

<p>amount, deferred tax assets recorded by the Company are ¥1,154 million.</p> <p>The Company determines the recoverability of deferred tax assets for future deductible temporary differences and tax loss carryforwards by estimating the taxable income for next year.</p> <p>The Company's taxable income for next year is estimated based on the business plan for next year and as described in Note 2 (15) Significant Accounting Estimates, the significant assumptions in the business plan for next year are sales volume and sales price.</p> <p>Given that the significant assumptions applied in the business plan for next year involve uncertainties and require management's judgement in assessing the recoverability of deferred tax assets, we determined recoverability of deferred tax assets to be a key audit matter.</p>	<p>carryforwards were expected to be reversed or expired.</p> <ul style="list-style-type: none"> • We assessed the underlying business plan for next year to evaluate the estimate of taxable income for next year. We assessed the business plan for next year, by evaluating its consistency with the business plan approved by the Board of Directors. • In order to evaluate the effectiveness of management's estimation process in business planning, we compared the Company's business plans in previous years to actual operating results. • In order to evaluate management's assessment of estimation uncertainties that are reflected as certain risks in the business plan for next year, we compared the forecasted sales to sales in previous years and performed trend analysis on sales volume and sales price as significant assumptions.
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Other Information

The other information comprises the information included in the Annual Financial Report 2022 that contains audited consolidated financial statements but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. The Audit & Supervisory Board Member and the Audit & Supervisory Board are responsible for overseeing the Group's reporting process of the other information.

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

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

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

We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of these 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 and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit & Supervisory Board Member and the Audit & Supervisory Board responsible for overseeing 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, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not 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 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 in accordance with accounting principles generally accepted in Japan.
- 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 the Audit & Supervisory Board Member 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 the Audit & Supervisory Board Member and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit & Supervisory Board Member and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2022 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Ernst & Young ShinNihon LLC
Tokyo, Japan

August 9, 2022

野水善之

Yoshiyuki Nomizu
Designated Engagement Partner
Certified Public Accountant

島藤 章太郎

Shotaro Shimafuji
Designated Engagement Partner
Certified Public Accountant

FINANCIAL HIGHLIGHTS
NIPPON CHEMI-CON CORPORATION

Five years ended March 31

	Millions of yen except for per share amounts				
	2022	2021	2020	2019	2018
Net sales	¥ 140,316	¥ 110,788	¥ 114,599	¥ 140,951	¥ 133,362
Profit (loss) attributable to owners of the parent company	¥ (12,124)	¥ 2,038	¥ (5,926)	¥ 917	¥ (16,056)
Profit (loss) per share:					
Basic	¥ (597.88)	¥ 114.76	¥ (363.96)	¥ 56.36	¥ (985.77)
Diluted	¥ -	¥ 114.63	¥ -	¥ -	¥ -
Net assets per share	¥ 2,190.33	¥ 2,544.62	¥ 2,422.68	¥ 2,921.53	¥ 3,012.97

	Thousands of U.S. dollars except for per share amounts				
	2022	2021	2020	2019	2018
Net sales	\$ 1,146,468	\$ 905,210	\$ 936,347	\$ 1,151,656	\$ 1,089,651
Profit (loss) attributable to owners of the parent company	\$ (99,068)	\$ 16,657	\$ (48,421)	\$ 7,498	\$ (131,191)
Profit (loss) per share:					
Basic	\$ (4.89)	\$ 0.94	\$ (2.97)	\$ 0.46	\$ (8.05)
Diluted	\$ -	\$ 0.94	\$ -	\$ -	\$ -
Net assets per share	\$ 17.90	\$ 20.79	\$ 19.79	\$ 23.87	\$ 24.62

- Notes:
1. Basic profit (loss) per share amounts are based on the average number of common shares outstanding during each year.
 2. Net assets per share amounts are based on the number of common shares outstanding at the end of each year.
 3. As we conducted a 10-to-1 share consolidation of its common stock on October 1, 2017, per share amounts have been adjusted as if the share consolidation had been conducted at the start of FY 2017.
 4. U.S. dollar amounts have been translated from yen at the rate of ¥122.39 = U.S. \$1, as referred to in Note 1 to the consolidated financial statements.
 5. Diluted earnings per share for the fiscal years from 2017 to 2019 and 2021 is not presented because dilutive stock was not existed.

To Our Stakeholders



Norio Kamiyama

Overview of Operating Results

The global economy during the fiscal year ended March 2022 was strong on the continued recovery of the US economy thanks to favorable consumer spending and corporate capital investments, and a firm Chinese economy driven by exports. The Japanese economy overall trended towards recovery. Despite negative factors such as a COVID-19 resurgence and a semiconductor supply shortage, exports improved on efforts to normalize the global economy.

Looking at the market environment influencing the Nippon Chemi-Con Group, automotive electronics markets were firm overall thanks to a resurgence in new vehicle demand despite the impact of a decline in automobile production due to parts shortages. Industrial equipment markets, both in Japan and overseas, were favorable thanks to increased demand for capital investments, particularly in the manufacturing industry.

Amid this operating environment, our Group focused on implementing policies aimed at increasing our corporate value based on our 9th Medium-term Management Plan.

In structural reforms, we implemented automation of certain production processes as part of converting our manufacturing bases into smart factories. Through such measures, we have responded to increase in production by improving capacity utilization without increasing employees or facilities. We also made efforts to improve productivity and adjust selling prices accordingly to respond to rising prices for raw materials and energy.

As product planning reforms, we promoted new ways of thinking and strengthening of alliances in the Sales and Development departments. The goal of these reforms was creating and nurturing new seeds that will lead the next generation. New product development includes radial lead type aluminum electrolytic capacitors GXM Series. The Series offers superior heat resistance and was developed for use in 5G base stations. We also added high-capacitance items to radial lead type conductive polymer aluminum solid capacitors PSG Series and expanded the product lineup. These products were developed for use in data centers, which are seeing increased electricity consumption due to the permeation of cloud services and IoT. For sales, we focused on expanding sales of high-value-added products such as conductive polymer type and hybrid type aluminum electrolytic capacitors, towards our strategic markets.

As a result of these efforts, fiscal year ended March 2022 consolidated earnings resulted in net sales of 140,316 million yen (up 26.7% YoY), operating income of 8,798 million yen (up 196.1% YoY), and ordinary income of 8,038 million yen (up 284.3% YoY). However, we recorded loss attributable to owners of parent of 12,124 million yen (previous FY profit attributable to owners of parent was 2,038 million yen) due to having recorded losses related to antitrust laws.

In light of these results, it is with sincere regret that we have decided to forego year-end dividends for the fiscal year ended March 2022. We would like to express our sincerest apologies to our shareholders.

Operating Results by Division

Status by business division for FY2021 is as follows.

1. Capacitors (128,197 million yen, 91.3% of total sales)

Net sales increased by 26.7% YoY due to increased demand in the automotive electronics market and industrial equipment market.

2. Mechanical Parts and Other Parts (3,189 million yen, 2.3% of total sales)

Net sales increased by 21.7% YoY due to increased sales of amorphous choke coils.

3. Capacitor Materials (6,749 million yen, 4.8% of total sales)

Net sales increased by 37.6% YoY due to increased demand for electrode foils used in aluminum electrolytic capacitors.

4. Other Products (2,179 million yen, 1.6% of total sales)

Net sales increased by 6.6% YoY due to increased demand for resale products.

Outlook for Fiscal 2022

We anticipate the global economy to trend towards recovery particularly in developed countries with the gradual weakening of COVID-19 due to increased vaccination around the world. On the other hand, there is concern of risks that could stall economic recovery, including the high price of resources due to Russia's invasion of Ukraine and the resurgence of infections due to new variants of COVID-19. Overall, we expect the operating environment influencing our Group will continue to face unpredictable conditions.

Amid such an environment, the Nippon Chemi-Con Group will steadily implement the priority measures designed to achieve our operating targets as we start the final fiscal year of our 9th Medium-term Management Plan.

We will continue to expand sales of high-value-added aluminum electrolytic capacitors towards our strategic markets which are projected to continue growing, including the automotive electronics market and the ICT market. At the same time, we will strengthen efforts to increase sales of functional devices such as supercapacitors and solid devices in overseas markets which have latent demand. We will also further accelerate planning and development of high-value-added products by aligning latent market needs identified by sales departments with the technical knowledge accumulated over the years. Our New Business Promotion Department established in April this year will lead the acceleration of such planning and development.

As structural reforms, we will adopt MES (manufacturing execution system) as the next step in our smart factory initiative. We will further increase productivity by using information gained through manufacturing processes to create a structure for the centralized management of operational statuses of facilities and production planning.

The Nippon Chemi-Con Group developed Our Basic Policy of Sustainability in February 2022 and declared support for recommendations by the Task Force on Climate-related Financial Disclosures (TCFD) in March 2022 to further enhance sustainability efforts. We will continue to address climate change and various other issues based on our corporate philosophy "Contributing to Environmentally and People Friendly Technology" to realize a sustainable society and increase our corporate value.

A class action lawsuit was filed against Nippon Chemi-Con Corporation and our US affiliate United Chemi-Con, Inc. with the United States District Court for the Northern District of California. The lawsuit claimed compensation for damages for the violation of US antitrust laws in relation to electrolytic capacitors and film capacitors. While Nippon

Chemi-Con and United Chemi-Con do not recognize any liability for the compensation of damages, after a comprehensive evaluation of all relevant circumstances, we decided to reach a settlement with the direct purchaser plaintiffs in December 2021 by paying a settlement amount of 160 million U.S. dollars. We later concluded an official settlement agreement with the plaintiffs in March 2022. This settlement will become official upon completion of court approval procedures.

Furthermore, Nippon Chemi-Con has been named in a lawsuit and been assessed fines by antitrust authorities in various countries in relation to our aluminum electrolytic capacitor transactions, and we continue to respond to some of those actions in court. We would like to express our sincere apologies to our shareholders for the inconvenience and concern we have caused. We gravely accept our current situation and will continue to implement all necessary measures, including reinforcing employee education and training, promoting enlightenment activities, and expanding internal audits. We will make every effort to prevent reoccurrence and to reinforce compliance with antitrust laws as well as other laws to ensure we engage in fair business practices.

August 9, 2022

A handwritten signature in black ink that reads "Norio Kamiyama". The signature is written in a cursive, flowing style.

Norio Kamiyama
President

NIPPON CHEMI-CON CORPORATION and its consolidated subsidiaries

Consolidated Balance Sheet
As of March 31, 2022

Assets	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Current assets:			
Cash and deposits (Note 4)	¥ 24,760	¥ 23,725	\$ 202,304
Notes and accounts receivable-trade	31,100	25,208	254,112
Inventories (Note 5)	31,603	25,529	258,222
Accounts receivable-other	7,371	6,535	60,230
Other current assets	1,606	531	13,124
Less allowance for doubtful accounts	(8)	(7)	(70)
Total current assets	<u>96,434</u>	<u>81,523</u>	<u>787,923</u>
Property, plant and equipment:			
Buildings and structures	42,036	41,060	343,466
Machinery, equipment and others	145,379	139,980	1,187,839
Land	6,939	6,917	56,701
Lease assets	1,566	1,694	12,801
Right-of-use assets	3,409	3,040	27,856
Construction in progress	2,797	2,183	22,855
Sub total	<u>202,129</u>	<u>194,877</u>	<u>1,651,521</u>
Less accumulated depreciation	<u>(163,047)</u>	<u>(156,428)</u>	<u>(1,332,198)</u>
Property, plant and equipment, net	<u>39,081</u>	<u>38,448</u>	<u>319,322</u>
Intangible fixed assets	1,809	1,661	14,782
Investments and other assets :			
Investment securities (Notes 6 and 15)	16,301	15,130	133,191
Deferred tax assets (Note 8)	1,244	1,248	10,169
Other	1,287	1,455	10,517
Less allowance for doubtful accounts	(18)	(18)	(147)
Total investments and other assets	<u>18,815</u>	<u>17,815</u>	<u>153,731</u>
Total assets	<u>¥ 156,140</u>	<u>¥ 139,448</u>	<u>\$ 1,275,760</u>

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheet
As of March 31, 2022

Liabilities and Net Assets	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Current liabilities:			
Notes and accounts payable-trade	¥ 9,495	¥ 8,815	\$ 77,584
Electronically recorded obligations	6,780	6,233	55,401
Short-term debt (Note 7)	19,901	29,142	162,604
Lease obligations (Short-term)	922	1,000	7,536
Accounts payable-other	24,099	3,131	196,904
Income taxes payable	1,101	584	9,000
Accrued expenses	3,082	2,282	25,184
Bonus reserve	1,912	1,782	15,627
Notes payable-equipment	133	38	1,089
Other current liabilities	1,794	1,268	14,663
Total current liabilities	69,223	54,278	565,596
Long-term liabilities:			
Long-term debt (Note 7)	34,339	23,894	280,575
Lease obligations (Long-term)	3,244	3,784	26,512
Deferred tax liabilities (Note 8)	345	219	2,819
Provision for environmental safety measures	-	22	-
Net defined benefit liability (Note 10)	4,050	5,029	33,098
Other long-term liabilities	221	314	1,806
Total long-term liabilities	42,201	33,265	344,812
Total liabilities	111,424	87,543	910,409
Net assets:			
Shareholders' equity			
Common stock			
Authorized 39,613,200 shares issued and outstanding, 20,314,833 shares in 2022 and 2021	24,310	24,310	198,632
Capital surplus	21,224	21,224	173,414
Retained earnings	(7,684)	4,440	(62,788)
Treasury shares (Note 13)	(108)	(105)	(886)
Total shareholders' equity	37,741	49,870	308,372
Accumulated other comprehensive income			
Net unrealized gains on securities	904	721	7,390
Foreign currency translation adjustments	3,970	168	32,444
Remeasurements of defined benefit plans	1,800	846	14,714
Total accumulated other comprehensive income	6,676	1,736	54,550
Non-controlling interests	297	297	2,428
Total net assets	44,715	51,904	365,351
Total liabilities and net assets	¥ 156,140	¥ 139,448	\$ 1,275,760

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Operations
For the year ended March 31, 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Net sales	¥ 140,316	¥ 110,788	\$ 1,146,468
Cost of sales	109,063	89,641	891,118
Gross profit	31,252	21,147	255,350
Selling, general and administrative expenses (Notes 16 and 17)	22,453	18,176	183,459
Operating income	8,798	2,971	71,890
Non-operating income:			
Interest income	35	27	287
Dividend income	116	107	949
Equity in earnings of affiliated companies	545	345	4,457
Other	37	69	309
Total non-operating income	734	550	6,004
Non-operating expenses:			
Interest expenses	795	727	6,501
Financing expenses	525	566	4,289
Foreign exchange losses	95	41	779
Other	78	94	642
Total non-operating expenses	1,494	1,429	12,212
Ordinary income	8,038	2,091	65,682
Extraordinary income:			
Gain on sales of property, plant and equipment (Note 18)	5	3	47
Gain on sales of investment securities	-	241	-
Total extraordinary income	5	244	47
Extraordinary loss:			
Loss on disposal of property, plant and equipment (Note 19)	103	13	847
Loss on valuation of investment securities	-	66	-
Loss on antitrust law (Note 27)	18,403	-	150,365
Total extraordinary loss	18,506	79	151,212
Profit (loss) before income taxes	(10,462)	2,256	(85,482)
Income taxes (Note 8):			
Current	1,618	414	13,224
Deferred	72	(155)	590
	1,690	259	13,814
Profit (loss)	(12,153)	1,996	(99,297)
Profit (loss) attributable to non-controlling interests	(28)	(42)	(229)
Profit (loss) attributable to owners of parent	¥ (12,124)	¥ 2,038	\$ (99,068)
Profit (loss) per share:		Yen	U.S. dollars (Note 1)
	2022	2021	2022
Basic	¥ (597.88)	¥ 114.76	\$ (4.89)
Diluted	-	114.63	-
Cash dividends per share (Note 21)	-	-	-

The accompanying notes are an integral part of these consolidated financial statements.

NIPPON CHEMI-CON CORPORATION and its consolidated subsidiaries

Consolidated Statement of Comprehensive Income
For the year ended March 31, 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Profit (loss)	¥ (12,153)	¥ 1,996	\$ (99,297)
Other comprehensive income			
Net unrealized holding gains on securities	187	461	1,529
Foreign currency translation adjustments	3,523	693	28,791
Remeasurements of defined benefit plans	956	3,395	7,812
Share in other comprehensive income of affiliated companies accounted for using the equity method	300	9	2,451
Total other comprehensive income	4,967	4,559	40,584
Comprehensive income	¥ (7,185)	¥ 6,556	\$ (58,713)
Attributable to:			
Owners of parent	(7,185)	6,593	(58,707)
Non-controlling interests	(0)	(36)	(5)

The accompanying notes are an integral part of these consolidated financial statements.

NIPPON CHEMI-CON CORPORATION and its consolidated subsidiaries

Consolidated Statement of Changes in Net Assets
For the year ended March 31, 2022

For the Year Ended March 31, 2022

	Shareholders' equity (Note 12)				
	Millions of yen				
	Common stock	Capital surplus	Retained earnings	Treasury shares (Note 13)	Total shareholders' equity
Balance at April 1, 2021	¥ 24,310	¥ 21,224	¥ 4,440	¥ (105)	¥ 49,870
Changes of items during year					
Cash dividends paid					
Profit (loss) attributable to owners of parent			(12,124)		(12,124)
Purchase of treasury shares				(3)	(3)
Net changes of items other than shareholders' equity					
Total changes of items during year			(12,124)	(3)	(12,128)
Balance as of March 31, 2022	¥ 24,310	¥ 21,224	¥ (7,684)	¥ (108)	¥ 37,741

	Accumulated other comprehensive income (Note 20)					
	Millions of yen					
	Net unrealized gains on securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at April 1, 2021	¥ 721	¥ 168	¥ 846	¥ 1,736	¥ 297	¥ 51,904
Changes of items during year						
Cash dividends paid						
Profit (loss) attributable to owners of parent						(12,124)
Purchase of treasury shares						(3)
Net changes of items other than shareholders' equity	182	3,802	954	4,939	(0)	4,939
Total changes of items during year	182	3,802	954	4,939	(0)	(7,189)
Balance as of March 31, 2022	¥ 904	¥ 3,970	¥ 1,800	¥ 6,676	¥ 297	¥ 44,715

The accompanying notes are an integral part of these consolidated financial statements.

NIPPON CHEMI-CON CORPORATION and its consolidated subsidiaries

Consolidated Statement of Changes in Net Assets
For the year ended March 31, 2022

	Shareholders' equity (Note 12)				
	Thousands of U.S. dollars (Note 1)				
	Common stock	Capital Surplus	Retained earnings	Treasury shares (Note 13)	Total shareholders' equity
Balance at April 1, 2021	\$ 198,632	\$ 173,414	\$ 36,280	\$ (858)	\$ 407,468
Changes of items during year					
Profit (loss) attributable to owners of parent			(99,068)		(99,068)
Purchase of treasury shares				(27)	(27)
Net changes of items other than shareholders' equity					
Total changes of items during year			(99,068)	(27)	(99,095)
Balance as of March 31, 2022	\$ 198,632	\$ 173,414	\$ (62,778)	\$ (886)	\$ 308,372

	Accumulated other comprehensive income (Note 20)					
	Thousands of U.S. dollars (Note 1)					
	Net unrealized gains on securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at April 1, 2021	\$ 5,898	\$ 1,373	\$ 6,917	\$ 14,190	\$ 2,434	\$ 424,092
Changes of items during year						
Profit (loss) attributable to owners of parent						(99,068)
Purchase of treasury shares						(27)
Net changes of items other than shareholders' equity	1,492	31,071	7,797	40,360	(5)	40,355
Total changes of items during year	1,492	31,071	7,797	40,360	(5)	(58,740)
Balance as of March 31, 2022	\$ 7,390	\$ 32,444	\$ 14,714	\$ 54,550	\$ 2,428	\$ 365,351

The accompanying notes are an integral part of these consolidated financial statements.

NIPPON CHEMI-CON CORPORATION and its consolidated subsidiaries

Consolidated Statement of Changes in Net Assets
For the year ended March 31, 2022

For the Year Ended March 31, 2021

	Shareholders' equity (Note 12)				
	Millions of yen				
	Common stock	Capital surplus	Retained earnings	Treasury shares (Note 13)	Total shareholders' equity
Balance at April 1, 2020	¥ 21,526	¥ 18,439	¥ 2,401	¥ (102)	¥ 42,264
Changes of items during year					
Issuance of new shares	2,784	2,784			5,569
Profit (loss) attributable to owners of parent			2,038		2,038
Purchase of treasury shares				(2)	(2)
Net changes of items other than shareholders' equity					
Total changes of items during year	2,784	2,784	2,038	(2)	7,605
Balance as of March 31, 2021	¥ 24,310	¥ 21,224	¥ 4,440	¥ (105)	¥ 49,870

	Accumulated other comprehensive income (Note 20)					
	Millions of yen					
	Net unrealized gains on securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at April 1, 2020	¥ 269	¥ (543)	¥ (2,543)	¥ (2,817)	¥ 334	¥ 39,781
Changes of items during year						
Issuance of new shares						5,569
Profit (loss) attributable to owners of parent						2,038
Purchase of treasury shares						(2)
Net changes of items other than shareholders' equity	452	711	3,390	4,554	(36)	4,517
Total changes of items during year	452	711	3,390	4,554	(36)	12,123
Balance as of March 31, 2021	¥ 721	¥ 168	¥ 846	¥ 1,736	¥ 297	¥ 51,904

The accompanying notes are an integral part of these consolidated financial statements.

NIPPON CHEMI-CON CORPORATION and its consolidated subsidiaries

Consolidated Statement of Cash Flows
For the year ended March 31, 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Cash flows from operating activities:			
Profit (loss) before income taxes	¥ (10,462)	¥ 2,256	\$ (85,482)
Depreciation and amortization	6,253	6,049	51,093
Loss related to Antitrust laws	18,403	-	150,365
(Decrease) increase in net defined benefit liability	(164)	166	(1,344)
(Decrease) increase in allowance for doubtful accounts	(2)	(9)	(17)
(Decrease) increase in provision for environmental safety measures	(22)	(31)	(187)
Interest and dividend income	(151)	(134)	(1,237)
Interest expenses	795	727	6,501
Foreign exchange loss (gain)	(30)	(291)	(246)
Equity in earnings of affiliated companies	(545)	(345)	(4,457)
Loss (gain) on disposal of property, plant and equipment, net	97	10	799
Loss (gain) on sales of investment securities	-	(241)	-
Loss on valuation of investment securities	-	66	-
(Increase) decrease in notes and accounts receivable	(3,867)	(2,933)	(31,597)
(Increase) decrease in inventories	(4,240)	1,466	(34,646)
(Decrease) increase in notes and accounts payable	(753)	2,600	(6,157)
(Decrease) increase in accounts payable – other	1,942	(789)	15,868
Other	(388)	(3,088)	(3,175)
Sub total	6,863	5,476	56,078
Interest and dividends received	312	279	2,555
Interest paid	(806)	(733)	(6,590)
Income taxes paid	(1,263)	(528)	(10,324)
Extra retirement payments	-	(836)	-
Payments related to Antitrust laws	-	(1,590)	-
Net cash provided by (used in) operating activities	5,105	2,067	41,718
Cash flows from investing activities:			
Purchase of property, plant and equipment	(5,031)	(3,213)	(41,110)
Proceeds from sales of property, plant and equipment	7	13	62
Purchase of intangible fixed assets	(368)	(305)	(3,007)
Proceeds from sales of investment securities	-	414	-
Payments of loans receivable	(12)	(16)	(105)
Collections of loans receivable	14	17	117
Other	181	55	1,484
Net cash provided by (used in) investing activities	(5,208)	(3,034)	(42,559)
Cash flows from financing activities:			
Net increase (decrease) in short-term debt	2,477	(7,209)	20,238
Proceeds from long-term debt	13,500	5,300	110,303
Repayments of long-term debt	(15,267)	(6,170)	(124,745)
Purchase of treasury shares	(3)	(2)	(27)
Repayments of lease obligations	(924)	(957)	(7,556)
Proceeds from issuance of stock resulting from exercise of subscription rights to shares	-	5,549	-
Proceeds from issuance of subscription rights to shares	-	19	-
Net cash provided by (used in) financing activities	(218)	(3,470)	(1,787)
Effect of exchange rate changes on cash and cash equivalents	1,355	439	11,079
Net increase (decrease) in cash and cash equivalents	1,034	(3,998)	8,450
Cash and cash equivalents at beginning of year	23,720	27,718	193,809
Cash and cash equivalents at end of year (Note 4)	¥ 24,754	¥ 23,720	\$ 202,260

The accompanying notes are an integral part of these consolidated financial statements.

1. Basis of Presenting the Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared based on the accounts maintained by Nippon Chemi-Con Corporation (the "Company") and its subsidiaries. The Company and its domestic subsidiaries maintain their accounts in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

Certain items presented in the consolidated financial statements submitted to the Director of the Kanto Finance Bureau in Japan have been reclassified in these accounts for the convenience of readers outside Japan.

The consolidated financial statements are not intended to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥122.39 = U.S. \$1, the rate of exchange on March 31, 2022 has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at this or any other rates.

As permitted by the Japanese Financial Instruments and Exchange Law, amounts presented in millions of yen are rounded down to the nearest complete million yen. The U.S. dollar amounts shown are equivalent to the Japanese yen amounts as rounded, translated at the rate stated above and then rounded down to the nearest complete thousand dollars.

2. Summary of Significant Accounting Policies

(1) Principles of Consolidation

The consolidated financial statements include the accounts of the Company and, with minor exceptions, all of its subsidiaries. The accounts of certain subsidiaries are included in the consolidated financial statements on the basis of a December 31 fiscal year end. These financial statements are prepared in conformity with financial accounting standards in Japan which require elimination of intercompany accounts and transactions.

The number of consolidated subsidiaries and an affiliated company is as follows:

	2022
Consolidated subsidiaries	21
Affiliated company	1

Investments in all affiliated companies, with minor exceptions, are stated at their underlying equity value.

(2) Financial Instruments

1) Securities

Other securities for which market quotations are available are stated at fair value. Net unrealized gains or losses on these securities are reported as a separate item in net assets at a net-of-tax amount.

Other securities for which market quotations are unavailable are stated at cost, except as stated in the paragraph below.

In cases where the fair value of equity securities issued by unconsolidated subsidiaries and affiliates, or other securities has declined significantly and such impairment of value is not deemed temporary, those securities are written down to the fair value and the resulting losses are included in the net profit or loss for the period. The cost of securities sold is determined by the moving average method.

2) Derivatives

All derivatives are stated at fair value, with changes in fair value included in net profit or loss for the period in which they arise. However, for interest rate swap contracts meeting certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is, as permitted under the "Accounting Standard for Financial Instruments", added to or deducted from the interest on the assets or liabilities for which the swap contract is executed.

(3) Inventories

Merchandise and supplies are stated at cost, determined by the last purchase price method, but written down based on the declines in profitability.

Inventories other than merchandise and supplies are stated at cost, but written down based on the declines in profitability. In determining cost, either the total average method or the first-in, first-out method for finished goods and work in process, and either the first-in first-out method or the last purchase price method for raw materials are used.

(4) Depreciation

Depreciation for property, plant and equipment (except for lease assets and right-of use assets) is computed primarily using the straight-line method over the estimated useful lives of the assets.

Finance lease assets that transfer ownership are depreciated or amortized as the same method as property, plant and equipment is adopted. Finance lease assets that do not transfer ownership are depreciated or amortized on a straight-line basis over the period of the lease with no residual value. Right-of-use assets are depreciated or amortized on a straight-line basis over the period of the lease with no residual value.

(5) Allowance for Doubtful Accounts

The Company and its consolidated subsidiaries provide an allowance for doubtful accounts using a percentage of their own actual experience of bad debt loss against the balance of total receivables plus the amount deemed necessary to cover individual accounts estimated to be uncollectible.

(6) Bonus Reserve

The Company, its domestic consolidated subsidiaries and certain overseas consolidated subsidiaries provide for estimated bonus payments attributable to the services provided by the employees during the year.

(7) Retirement Benefit

The retirement benefit obligations for employees are attributed to each period by the benefit formula method.

Prior service costs are amortized on a straight-line basis over the period, the average remaining year of service of employees from the year in which they arise. Actuarial differences are amortized on a straight-line basis over the period, the average remaining year of service of employees from the year following the year in which they arise.

Unrecognized prior service costs and unrecognized actuarial differences are included in remeasurements of defined benefit plans under accumulated other comprehensive income in net assets after the tax effect adjustment.

(8) Significant Hedge Accounting

1) Hedge accounting

The Interest swap agreements meeting the requirements for exceptional accounting method are accounted for using the exceptional accounting method.

2) Hedging instruments and hedged items

Hedging instruments

Interest swap

Hedged items

Interest of loans

3) Hedge policy

The Company and its consolidated subsidiaries enter into interest swap agreements to hedge risks from fluctuation in interest rate of loans. The hedged items are assessed for each agreement.

4) Assessment of hedge effectiveness

Assessment of hedge effectiveness of interest swap agreements are omitted as permitted under the exceptional accounting method.

(9) Foreign Currency Translation

All monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Resulting gains and losses are included in the net profit or loss for the period.

Assets and liabilities of foreign subsidiaries and affiliates are translated into Japanese yen at the exchange rates prevailing at the balance sheet date.

Shareholders' equity at the beginning of the year is translated into Japanese yen at historical rates. Profit and loss accounts for the year are translated into Japanese yen using the average rate during the year. Differences in the yen amounts, arising from the use of different rates, are presented as "Foreign currency translation adjustments" in Net Assets and Other comprehensive income.

(10) Income Taxes

Income taxes of the Company and its domestic subsidiaries consist of corporate income taxes, local inhabitants' taxes and enterprise taxes. The Company and its wholly-owned domestic subsidiaries adopt the Japanese consolidated taxation system. Deferred income taxes are provided for in respect of temporary differences between the tax basis of assets, liabilities and those as reported in the consolidated financial statements.

(11) Consumption Taxes

Consumption taxes are excluded from presentation of sales, cost of sales, income and expenses.

(12) Profit and Cash Dividends per Share

Basic Profit per share is based on the average number of common shares outstanding during each year. Cash dividends per share shown for each year in the accompanying Consolidated Statements of Operations represents dividends approved by shareholders for the respective years.

(13) Research and Development Expense and Computer Software

Research and development expense is charged to income when incurred. Expenditure relating to computer software developed for internal use is charged to income when incurred, except where it contributes to the generation of income or future cost savings. Such expenditure is capitalized as an intangible fixed asset and is amortized using the straight-line method over its estimated useful life of 5 years.

(14) Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statements of cash flows comprise cash on hand, bank deposits which can be withdrawn on demand and short-term investments with an original maturity of 3 months or less and which represent a minor risk of fluctuations in value.

(15) Significant Accounting Estimates

Recoverability of Deferred Tax Assets

- 1) The amount presented on the balance sheets at March 31, 2022
Deferred Tax Assets (Net) ¥1,244 million (¥2,481 million before offsetting against deferred tax liabilities)
Deferred tax assets recorded by the company is ¥1,154 million.

- 2) Details of significant accounting estimates related to the identified items

- i) Calculation method

The Company determines the recoverability of deferred tax assets for future deductible temporary differences and tax loss carryforwards by estimating taxable income for next year. Estimate of taxable income for next year is calculated based on the business plan for next year.

- ii) Significant assumptions

The significant assumptions in the business plan for next year are sales volume and sales price.

iii) Impact on financial statements for the following year

Recoverability of deferred tax assets depends on estimation of taxable income in the future. Therefore, if the conditions and the assumptions will be changed or reduced, there is some possibility of reducing the deferred tax assets.

(16) Standards for recording important income and expenses

The Company's main businesses are manufacturing and selling of capacitors, and revenues are recognized at the time of product delivery. They are recognized when the customers obtain control of the product at the time of delivery or the performance obligation is satisfied. Regarding domestic sales of goods or products, the alternative method (stipulated in the Paragraph 98 of "Guidelines for Applying Accounting Standards for Revenue Recognition" Corporate Accounting Standards Application Guideline No. 30, March 26, 2021) is applied. If the period from the time of shipment to the time of transferring control is considered normal in light of the business practice of the Company, revenues are recognized at the time of shipment.

Revenue is measured by deducting returns, discounts, rebates, etc. from the consideration promised in the contract with the customer.

The consideration for the transactions is received within one year after the performance obligation is satisfied, and it does not include important financial elements.

3. Changes in Accounting Policies

(Application of accounting standards for revenue recognition)

The Company has applied "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ended March 31, 2022, and recognized revenue at the amount expected to be received in exchange for the promised goods or services when the dominance of its goods or services is transferred to customers.

In addition, when the alternative processing stipulated in the of Paragraph 98 of the "Guidelines for the Application of Accounting Standards for Revenue Recognition" is applied and if the control of the product transferred to the customer from the time of shipment in the domestic sales is a normal period, revenue is recognized at the time of shipment.

The application of "Accounting Standard for Revenue Recognition", etc. is subject to the transitional treatment stipulated in the proviso of Paragraph 84 of "Accounting Standard for Revenue Recognition". The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the fiscal year ended March 31, 2022, was added to or subtracted from the beginning balance of retained earnings of the fiscal year ended March 31, 2022, and thus the new accounting policy was applied from such beginning balance.

However, in the method stipulated in Paragraph of 86 of the Accounting Standard for Revenue Recognition is applied, the new accounting policy is not applied to contracts in which the amount of almost all revenue is recognized in accordance with the previous treatment before the beginning of the current consolidated fiscal year.

As a result, the impact on profit and loss for the current consolidated fiscal year will be minor. And there is no effect on the balance at the beginning of retained earnings.

In addition, in accordance with the transitional treatment stipulated in Paragraph of 89-3 of the Accounting Standard for Revenue Recognition, information on the decomposition of revenue generated from contracts with customers for the previous consolidated fiscal year is not included.

(Application of accounting standards regarding calculation of market value)

The Company has applied "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019), etc. from the beginning of the fiscal year ended March 31, 2022.

And in accordance with the transitional treatment stipulated in Paragraph 19 of "Accounting Standard for Fair Value Measurement" and Paragraph 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the Company has applied new accounting policies from the beginning of the fiscal year ended March 31, 2022. There is no impact on the consolidated financial statements.

In addition, in the "Financial Instruments Related" note, the Company made a note regarding matters related to the breakdown of financial instrument by market value level. However, in accordance with the transitional treatment stipulated in Paragraph of 7-4 of the "Application Guidelines for Disclosure of Market Values of Financial Instruments" (Corporate Accounting Standards Application Guideline No. 19, July 4, 2019), the Company does not disclose the previous consolidated accounting of the note.

4. Cash and Cash Equivalents

Reconciliation of cash and cash equivalents to the amount presented on the balance sheets at March 31, 2022 and 2021 is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Cash and deposits	¥ 24,760	¥ 23,725	\$ 202,304
Time deposits with a deposit term of over 3 months	(5)	(5)	(44)
Cash and cash equivalents	¥ 23,754	¥ 23,720	\$ 202,260

5. Inventories

Inventories at March 31, 2022 and 2021 comprised of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Finished goods and merchandise	¥ 14,344	¥ 12,055	\$ 117,200
Work-in-process	10,929	8,655	89,302
Raw materials and supplies	6,329	4,818	51,719
Total	¥ 31,603	¥ 25,529	\$ 258,222

6. Investment Securities

At March 31, 2022 and 2021, the acquisition cost, fair value and unrealized gains or losses of investment securities, whose fair value is available, are as follows:

	Millions of yen							
	2022			2021				
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Fair value	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Fair value
Other securities:								
Equity securities	¥ 1,985	¥ 1,335	¥ 158	¥ 3,162	¥ 2,052	¥ 1,083	¥ 243	¥ 2,892
Total	¥ 1,985	¥ 1,335	¥ 158	¥ 3,162	¥ 2,052	¥ 1,083	¥ 243	¥ 2,892

Thousands of U.S. dollars (Note 1)				
2022				
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Fair value
Other securities:				
Equity securities	\$ 16,225	\$ 10,911	\$ 1,295	\$ 25,841
Total	\$ 16,225	\$ 10,911	\$ 1,295	\$ 25,841

7. Short-Term and Long-Term Debt

The weighted average interest rates applicable to loans for the years ended March 31, 2022 and 2021 are 1.28% and 1.31%, respectively.

Short-term debt at March 31, 2022 and 2021 comprised of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Bank loans and overdrafts	¥ 16,996	¥ 14,024	\$ 138,868
Current portion of long-term debt	2,905	15,117	23,736
Total	¥ 19,901	¥ 29,142	\$ 162,604

Long-term debt at March 31, 2022 and 2021 comprised of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Loans:			
Loans, principally from banks and insurance companies due from 2022 to 2026 with interest rates ranging from 0.35% to 5.0%	¥ 37,244	¥ 39,012	\$ 304,311
	37,244	39,012	304,311
Less: current portion	(2,905)	(15,117)	(23,736)
Total	¥ 34,340	¥ 23,895	\$ 280,576

Note: The Company has a syndicate loan contract, a term loan contract and a commitment line with financial institutions. These include financial covenants that are computed based on the consolidated balance sheet, etc.

8. Income Taxes

The Company is subject to various taxes based on income which, in aggregate, resulted in a statutory tax rate of approximately 30.62 % for the year ended March 31, 2022.

Significant components of deferred tax assets and liabilities as at March 31, 2022 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Deferred tax assets:			
Bonus reserve	¥ 518	¥ 485	\$ 4,236
Net defined benefit liability	997	1,319	8,148
Tax loss carryforwards	6,966	5,580	56,919
Unrealized gain on inventories	156	105	1,278
Loss on devaluation of inventories	154	122	1,263
Accrued expenses	449	138	3,675
Accounts payable-other	1,070	-	8,747
Other	538	622	4,399
Total gross deferred tax assets	10,852	8,374	88,669
Valuation allowance for tax loss carryforwards ¹	(6,514)	(5,420)	(53,226)
Valuation allowance for total deductible temporary differences	(1,855)	(1,169)	(15,164)
Subtotal of valuation allowance ²	(8,370)	(6,589)	(68,390)
Total deferred tax assets	2,481	1,784	20,278
Deferred tax liabilities:			
Net unrealized gains on securities	(360)	(277)	(2,944)
Depreciation recorded by foreign subsidiaries	(239)	(284)	(1,956)
Undistributed earnings of foreign subsidiaries	(938)	(161)	(7,670)
Other	(43)	(32)	(357)
Total deferred tax liabilities	(1,582)	(755)	(12,928)
Net deferred tax assets	¥ 899	¥ 1,028	\$ 7,350

- Notes: 1. Amounts of tax loss carryforward and related deferred tax assets by expiry date as of March 31, 2022 and 2021 are as follows:
2. Valuation allowance increased by ¥1,780 million from the previous fiscal year. The main reason for the change is an increase in valuation allowance for tax loss carryforwards of ¥1,094 million.

	Millions of yen						Total
	2022						
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	After five years	
Tax loss carryforwards	¥ 1,223	¥ 26	¥ 5	¥ 86	¥ 30	¥ 5,593	¥ 6,966
Valuation allowance	¥ 804	¥ 26	¥ 5	¥ 86	¥ 16	¥ 5,574	¥ 6,514
Deferred tax assets(*)	¥ 418	¥ 0	¥ -	¥ -	¥ 14	¥ 19	¥ 452

Thousands of U.S. dollars (Note 1)

2022							
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	After five years	Total
Tax loss carryforwards	\$ 9,998	\$ 220	\$ 43	\$ 704	\$ 251	\$ 45,700	\$ 56,919
Valuation allowance	\$ 6,577	\$ 218	\$ 43	\$ 704	\$ 137	\$ 45,544	\$ 53,226
Deferred tax assets(*)	\$ 3,421	\$ 1	\$ -	\$ -	\$ 114	\$ 156	\$ 3,693

Millions of yen

2021							
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	After five years	Total
Tax loss carryforwards	¥ 2,195	¥ 1,223	¥ 31	¥ 5	¥ 86	¥ 2,038	¥ 5,580
Valuation allowance	¥ 2,050	¥ 1,223	¥ 31	¥ 5	¥ 86	¥ 2,023	¥ 5,420
Deferred tax assets(*)	¥ 144	¥ -	¥ -	¥ -	¥ -	¥ 15	¥ 159

(*): The amount is determined by multiplying the corresponding net operating loss carryforwards by the effective statutory tax rate.

(Change in presentation method)

"Undistributed earnings of foreign subsidiaries" which was included in "Others" of deferred tax liabilities in the previous year has been presented independently in the current year due to increase in its monetary importance. In order to conform to the current year's presentation, "Others" of ¥193 million in the prior year presentation has been reclassified to "Undistributed earnings of foreign subsidiaries" of ¥161 million and "Other" of ¥32 million.

For the year ended March 31, 2022, the reconciliation between the statutory tax rate and the effective income tax rate is as follows:

	2022	2021
Statutory tax rate	- %	30.62 %
Increase (decrease) in taxes resulting from:	-	
Expenses not deductible for income tax purposes	-	2.38
Capita levy on inhabitant tax	-	2.19
Overseas withholding taxes	-	2.55
Nontaxable dividend income	-	(0.29)
Change in the valuation allowance	-	(23.26)
Difference in subsidiaries' tax rates	-	(2.66)
Effect of eliminated dividend income	-	-
Other	-	(0.01)
Effective income tax rate	- %	11.52 %

Due to the recording of a loss before income taxes, a reconciliation of the difference between the statutory tax rate and the effective tax rate for the year ended March 31, 2022 has been omitted.

9. The Breakdown Concerning Financial Instruments by Fair Value Level

The Company uses a three-level hierarchy that is observable and prioritizes fair value measurements based on the types of inputs. The levels of the fair value hierarchy are described below:

Level 1: Fair value based on quoted prices in active markets for identical assets or liabilities.

Level 2: Fair value calculated using the observable inputs other than the level 1 input.

Level 3: Unobservable inputs with no market data.

Financial assets and liabilities are classified in their entirety based on the most conservative level of input that is significant to the fair value measurement, if more than one input is used.

Financial instruments recognized on the consolidated balance sheet with the fair value

	Millions of yen			
	2022			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities	¥ 3,162	¥ -	¥ -	¥ 3,162
Equity securities				
Derivative transactions				
Currency-related transactions	-	941	-	941
Total	¥ 3,162	¥ 941	¥ -	¥ 4,103

	Thousands of U.S. dollars (Note 1)			
	2022			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities	\$ 25,841	\$ -	\$ -	\$ 25,841
Equity securities				
Derivative transactions				
Currency-related transactions	-	7,690	-	7,690
Total	\$ 25,841	\$ 7,690	\$ -	\$ 33,532

Financial instruments other than those recognized on the consolidated balance sheet at fair value

	Millions of yen			
	2022			
	Level 1	Level 2	Level 3	Total
Investments in securities				
Investments in stock of affiliates	¥ 7,274	¥ -	¥ -	¥ 7,274
Total assets	7,274	-	-	7,274
Long-term debt	-	34,108	-	34,108
Total liabilities	¥ -	¥ 34,108	¥ -	¥ 34,108

Thousands of U.S. dollars (Note 1)

2022

	Level 1	Level 2	Level 3	Total
Investments in securities				
Investments in stock of affiliates	\$ 59,435	\$ -	\$ -	\$ 59,435
Total assets	59,435	-	-	59,435
Long-term debt	-	278,683	-	278,683
Total liabilities	\$ -	\$ 278,683	\$ -	\$ 278,683

Explanation of the Company's fair value measurement process and the inputs related to the calculation of the fair value

1. Investment securities

Listed stocks are valued using quoted market prices. The prices are classified as Level 1 fair value because they are traded in active markets.

2. Derivative transactions

The fair value of forward exchange contract transactions is classified as Level 2 fair value based on the futures exchange rate.

Fair value of interest rate swaps accounted for under the exceptional treatment is included in fair value of the corresponding long-term debt to which hedge accounting is applied (see the following "Long-term debt").

3. Long-term debt

The fair value of long-term debt is classified as Level 2 fair value because the price is based on the total amount of the principal and interest discounted by the estimated interest rate that would be applied to an equivalent new debt.

Long-term borrowings with floating interest rates are subject to the exceptional treatment of interest rate swaps (see the above "Derivative transactions"), and if the total amount of principal and interest amount processed with the interest rate swaps applying to an equivalent new debt. It is calculated by discounting at the applicable reasonably estimated interest rate.

10. Retirement Benefit Plan

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

In addition, in certain cases, the Company pays special retirement allowances to retiring employees, which are not covered by employee retirement regulations.

The changes in the defined benefit obligation for the years ended March 31, 2022 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Balance at the beginning of the year	¥ 26,207	¥ 26,510	\$ 214,128
Service cost	879	965	7,184
Interest cost	191	180	1,561
Actuarial loss	187	57	1,535
Retirement benefit paid	(1,493)	(1,656)	(12,199)
Other	188	149	1,537
Balance at the end of the year	¥ 26,160	¥ 26,207	\$ 213,747

The changes in the plan assets for the years ended March 31, 2022 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Balance at the beginning of the year	¥ 21,178	¥ 18,127	\$ 173,037
Expected return on plan assets	263	224	2,153
Actuarial loss	905	3,220	7,401
Contributions by the company	532	598	4,354
Retirement benefit paid	(786)	(1,014)	(6,424)
Other	15	20	125
Balance at the end of the year	¥ 22,109	¥ 21,178	\$ 180,648

The reconciliations of the defined benefit obligations and pension assets to the liabilities and assets on retirement benefit recognized in the consolidated balance sheets as of March 31, 2022 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Funded defined benefit obligations	¥ 17,444	¥ 17,292	\$ 142,535
Pension assets	(22,109)	(21,178)	(180,648)
	(4,664)	(3,885)	(38,112)
Unfunded defined benefit obligations	8,715	8,914	71,211
Net amount of liabilities and assets in consolidated balance sheet	4,050	5,029	33,098
Net defined benefit liability	4,050	5,029	33,098
Net amount of liabilities and assets in consolidated balance sheet	¥ 4,050	¥ 5,029	\$ 33,098

Note: Certain domestic consolidated subsidiaries calculate the defined benefit obligations using the simplified method in calculating of defined benefit obligation.

The components of retirement benefit expense for the years ended March 31, 2022 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Service cost	¥ 879	¥ 965	\$ 7,184
Interest cost	191	180	1,561
Expected return on plan assets	(263)	(224)	(2,153)
Amortization of unrecognized actuarial loss	210	386	1,722
Amortization of prior service cost	13	(152)	109
Retirement benefit expense	¥ 1,031	¥ 1,154	\$ 8,423

The breakdown of items in other comprehensive income before tax effect for the years ended March 31, 2022 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Actuarial loss	¥ (928)	¥ (3,548)	\$ (7,588)
Prior service cost	(13)	152	(109)
Total	¥ (942)	¥ (3,396)	\$ (7,697)

The breakdown of items in accumulated other comprehensive income before tax effect as of March 31, 2022 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Unrecognized actuarial loss	¥ (1,807)	¥ (881)	\$ (14,772)
Unrecognized prior service cost	80	94	660
Total	¥ (1,727)	¥ (787)	\$ (14,111)

The breakdown of pension assets by major category as of March 31, 2022 and 2021 are as follows:

	2022	2021
Equity securities	43%	40%
General account	19%	19%
Alternatives	11%	13%
Bonds	25%	26%
Other	2%	2%
Total	100%	100%

- Notes: 1. Alternatives mainly consisted of investments in hedge funds.
2. The total of plan assets includes employee pension trusts for the benefit pension plans, which accounts for 19% of the total as of March 31, 2022 and 18% as of March 31, 2021.

The items of actuarial assumptions as of March 31, 2022 and 2021 are as follows (The discount rate is shown as weighted average.):

	2022	2021
Discount rate	Primarily 0.3%	Primarily 0.3%
Expected rate of long-term return on plan assets	Primarily 1.25%	Primarily 1.25%

The amounts paid to the defined contribution pension plans for the years ended March 31, 2022 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)	
	2022	2021	2022	
Defined contribution pension plans	¥ 193	¥ 182	\$	1,584

11. Derivatives

The Company and its consolidated subsidiaries selectively engage in derivative financial instrument transactions in order to manage the market risks from fluctuations in foreign currency exchange rates and interest rates. The Company and its consolidated subsidiaries do not hold or issue derivative financial instruments for speculative trading purposes.

(1) Derivative transactions to which hedge accounting is not applied

1) Currency-related transactions

	Millions of yen					
	March 31, 2022			March 31, 2021		
	Notional amount	Fair value	Unrealized gain (loss)	Notional amount	Fair value	Unrealized gain (loss)
Foreign exchange forward contracts						
Sell:						
US\$	¥ 6,267	¥ (143)	¥ (143)	¥ 7,494	¥ (122)	¥ (122)
Euro	1,215	(1)	(1)	1,411	(0)	(0)
Won	43	(0)	(0)	-	-	-
Buy:						
US\$	17,022	1,086	1,086	1,831	36	36
JPY	-	-	-	77	(2)	(2)
	¥ 24,548	¥ 941	¥ 941	¥ 10,815	¥ (88)	¥ (88)

	Thousands of U.S. dollars (Note 1)		
	March 31, 2022		
	Notional amount	Fair value	Unrealized gain (loss)
Foreign exchange forward contracts			
Sell:			
US\$	\$ 51,208	\$ (1,169)	\$ (1,169)
Euro	9,931	(14)	(14)
Won	353	(0)	(0)
Buy:			
US\$	139,084	8,875	8,875
JPY	-	-	-
	\$ 200,578	\$ 7,690	\$ 7,690

2) Interest-related transactions

None

(2) Derivative transactions to which hedge accounting is applied

1) Currency-related transactions

None

2) Interest-related transactions

			Millions of yen					
			March 31, 2022			March 31, 2021		
Classification	Item	Hedged liabilities	Notional amount	Notional amount due after one year	Fair value	Notional amount	Notional amount due after one year	Fair value
Exceptional treatment for an interest rate swap	Interest rate swap: Fixed rate payment / floating rate receipt	Long - term debt	23,700	23,700	(*)	23,700	12,200	(*)

			Thousands of U.S. dollars (Note 1)					
			March 31, 2022					
Classification	Item	Hedged liabilities	Notional amount	Notional amount due after one year	Fair value			
Exceptional treatment for an interest rate swap	Interest rate swap: Fixed rate payment / floating rate receipt	Long - term debt	193,643	193,643	(*)			

(*) Fair value of interest rate swaps accounted for under the exceptional treatment is included in fair value of the corresponding long-term debt to which hedge accounting is applied.

12. Shareholders' Equity

The Corporate Law requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (of retained earnings) or as additional paid-in capital (of capital surplus) depending on the equity account charged upon the payment of such dividends until the total amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Corporate Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Corporate Law also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

13. Treasury Shares

A reconciliation of the beginning and ending amount of treasury shares is as follows:

	2021	Increase during the year	Decrease during the year	2022
Number of shares	34,102	1,538	-	35,640
Total price (Millions of yen)	¥ 105	¥ 3	-	¥ 108
Total price (Thousands of U.S. dollars) (Note 1)	\$ 858	\$ 27	-	\$ 886

14. Pledged Assets

There are no pledged assets.

15. Related Party Transactions

Samyoung Electronics Co., Ltd. (Samyoung) is a 33.4%-owned affiliated company of the Company. The Company principally purchases Samyoung's products and the Company sells its products and materials.

Transaction's terms and policy

- (1) Purchase prices of Samyoung's products are determined in consideration of the market prices and total costs.
- (2) Sales prices of materials for capacitors and equipment are determined in consideration of the market prices and total costs.
- (3) The transaction prices of materials supplied to Samyoung are determined in consideration of the market prices and total costs.

Significant balances at March 31, 2022 and 2021 and transactions for the years ended March 31, 2022 and 2021 with related parties are summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)	
	2022	2021	2022	
Investment securities	¥ 13,042	¥ 12,141	\$	106,564

	Millions of yen					
	2022			2021		
	Transaction amount	Account Title	Balance at end of year	Transaction amount	Account Title	Balance at end of year
Purchase of affiliates' products	¥ 5,489	Accounts payable	¥ 346	¥ 3,932	Accounts payable	¥ 478
Sales of materials and equipment	688	Accounts receivable -trade	51	643	Accounts receivable -trade	80
Supply of materials	¥ 1,660	Accounts receivable -other	¥ 203	¥ 1,196	Accounts receivable -other	¥ 125

	Thousands of U.S. dollars (Note 1)		
	2022		
	Transaction amount	Account Title	Balance at end of year
Purchase of affiliates' products	\$ 44,849	Accounts payable	\$ 2,830
Sales of materials and equipment	5,621	Accounts receivable -trade	424
Supply of materials	\$ 13,568	Accounts receivable - other	\$ 1,664

Condensed financial information of the significant affiliated companies, for which the equity method is applied, as of March 31, 2022 and 2021, and for the years then ended, is follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)	
	2022	2021	2022	
Total current assets	¥ 36,228	¥ 32,516	\$	296,007
Total fixed assets	16,667	16,404		136,186
Total current liabilities	2,851	1,938		23,295
Total long-term liabilities	251	249		2,051
Total net assets	49,794	46,733		406,847
Net sales	22,956	18,191		187,565
Profit before income taxes	2,168	1,350		17,718
Net profit	1,636	1,036		13,371

16. Selling, General and Administrative Expenses

The following are the major components of selling, general and administrative expenses for the years ended March 31, 2022 and 2021.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Freight and transportation	¥ 5,632	¥ 3,340	\$ 46,018
Salaries and wages	4,328	4,072	35,367
Provision for bonus reserve	920	802	7,520
Retirement benefit expenses	342	445	2,798
Depreciation	1,094	1,012	8,943
Research and development expenses	4,156	3,710	33,959

17. Research and Development Expenses

The total amounts of research and development expenses for the years ended March 31, 2022 and 2021 are as follows and all of them are charged to income as incurred.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Research and development expenses	¥ 4,156	¥ 3,710	\$ 33,959

18. Gain on Sales of Property, Plant and Equipment

Gain on sales of property, plant and equipment for the years ended March 31, 2022 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Machinery, equipment and vehicles	¥ 5	¥ 3	\$ 47
Total	¥ 5	¥ 3	\$ 47

19. Loss on Disposal of Property, Plant and Equipment

Loss on disposal of property, plant and equipment for the years ended March 31, 2022 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Buildings and structures	¥ 11	¥ 5	\$ 90
Machinery, equipment and others	92	7	757
Total	¥ 103	¥ 13	\$ 847

20. Other Comprehensive Income

For the years ended March 31, 2022 and 2021, other comprehensive income is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Net unrealized holding gains on securities			
Amount arising during the year	¥ 269	¥ 838	\$ 2,204
Reclassification adjustments	-	(174)	-
Before deferred tax adjustments	269	664	2,204
Deferred tax amounts	(82)	(203)	(675)
Net unrealized holding gains on securities	187	461	1,529
Foreign currency translation adjustments			
Amount arising during the year	3,523	694	28,791
Reclassification adjustments	-	(0)	-
Foreign currency translation adjustments	3,523	693	28,791
Remeasurements of defined benefit plans			
Amount arising during the year	717	3,162	5,865
Reclassification adjustments	224	233	1,832
Before deferred tax adjustments	942	3,396	7,697
Deferred tax amounts	14	(0)	114
Remeasurements of defined benefit plans	956	3,395	7,812
Share in other comprehensive income of affiliated companies accounted for using the equity method			
Amount arising during the year	300	9	2,451
Share in other comprehensive income of affiliated companies accounted for using the equity method	300	9	2,451
Total other comprehensive income	¥ 4,967	¥ 4,559	\$ 40,584

21. Dividends

None

22. Financial Instruments

(1) Status of financial instruments

1) Policies for financial instruments

The Company and its consolidated subsidiaries invest only in short-term deposits and raise funds from bank borrowings, issuance of corporate bonds and equity securities. The Company and certain consolidated subsidiaries use derivative financial instruments for the purpose of reducing risks of fluctuations in exchange rates and interest rates.

2) Details of financial instruments and related risk

Trade receivables are exposed to the credit risk of customers. In addition, trade receivables denominated in foreign currencies generated by worldwide operations are exposed to the risk of exchange rate fluctuations. This risk is hedged by using forward exchange contracts for, in principle, the net position after offsetting trade receivables denominated in foreign currencies with trade payables denominated in foreign currencies.

Investments in securities, which primarily consist of shares of the companies with which the Companies have operational relationships, are exposed to market volatility risk. Trade payables are mostly due within one year. Short-term and long-term debt are used for the Company's operation and capital expenditure. Variable interest rate loans are exposed to the risk of interest rate fluctuations. Interest rate swap transactions are used as hedges to fix interest expenses for a portion of long-term variable interest rate debts.

Trade payable, account payables – other and debts are exposed to liquidity risk.

Derivative transactions primarily consist of foreign exchange forward contracts for the purpose of hedging exchange rate fluctuation risk related to trade receivables and payables denominated in foreign currencies.

3) Risk management of financial instruments

i) Management of credit risk (customers or counterparties' default risk)

The credit risk monitoring activities of the Company and its consolidated subsidiaries include review of overdue and balance amounts of each customer as well as review of credit worthiness of major customers on a regular basis in accordance with the sales credit management regulation etc.

The Company enters into derivative transaction with highly rated financial institutions to reduce counterparty risk.

ii) Management of market risk (risks of fluctuations in foreign currency exchange rates and interest rates)

The Company hedges against risks of fluctuations in foreign currency exchange rates related to trade receivables and payables denominated in foreign currencies by entering into foreign exchange forward contracts with contract periods generally not more than half year.

The Company enters into the interest swap contract to mitigate the risk of interest rate fluctuations on debts. With respect to investments in securities, the Company assesses the fair value and financial status of the issuing entities (transaction partner) at each quarter, and periodically reviews the necessity of such securities, taking into account the Company's relationship with respective transaction partners.

The Company enters into and manages the derivative transactions in accordance with internal rules stipulating authorization and maximum limits of transactions. The accounting division makes journal entries and performs direct confirmation of transaction balances with counterparties.

iii) Management of liquidity risk in financing activities (Default risk)

The Company manages the liquidity risk by preparing the financial plans on a semiannual and monthly basis, and by entering into commitment line agreements with transacting financial institutions.

4) Supplementary explanation of fair value of financial instruments

The fair value of financial instruments is based on quoted market prices, or, if there are no market prices, based on reasonably estimated prices. Because estimations of the said prices incorporate fluctuating factors, applying different assumptions can in some cases change the said prices. The notional amount of derivatives that are shown in Note 11. "Derivatives" does not represent the amounts exchanged by the parties and do not measure the Company's exposure to market risk.

5) Concentration of credit risk

There is no operating credit for a specific large customer as of the consolidated balance sheet date.

(2) Fair value of financial instruments

The carrying amounts recognized on the consolidated balance sheets, fair values and the differences between them at March 31, 2022 and 2021 are as shown below. Financial instruments for which it is extremely difficult to determine the fair value is not included in the following table. Refer to "Note 2. Summary of Significant Accounting Policies".

	Millions of yen					
	March 31, 2022			March 31, 2021		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Investment securities						
i) Investments in securities	¥ 3,162	¥ 3,162	¥ -	¥ 2,892	¥ 2,892	¥ -
ii) Investments in stock of subsidiaries and affiliates	12,956	7,274	(5,681)	12,055	7,186	(4,869)
Total assets	¥ 16,119	¥ 10,437	¥ (5,681)	¥ 14,948	¥ 10,079	¥ (4,869)
Long-term debt (Except for lease obligations)	34,339	34,108	(231)	23,894	24,073	178
Total liabilities	¥ 34,339	¥ 34,108	¥ (231)	¥ 23,894	¥ 24,073	¥ 178
Derivative transactions	¥ 941	¥ 941	¥ -	¥ (88)	¥ (88)	¥ -

	Thousands of U.S. dollars (Note 1)		
	March 31, 2022		
	Carrying amount	Fair value	Difference
Investment securities			
i) Investments in securities	\$ 25,841	\$ 25,841	\$ -
ii) Investments in stock of subsidiaries and affiliates	105,860	59,435	(46,425)
Total assets	\$ 131,702	\$ 85,277	\$ (46,425)
Long-term debt (Except for lease obligations)	280,575	278,683	(1,891)
Total liabilities	\$ 280,575	\$ 278,683	\$ (1,891)
Derivative transactions	\$ 7,690	\$ 7,690	\$ -

The value of assets and liabilities arising from derivatives is shown at net value, and with the amount in parentheses representing a net liability position.

Note 1: Description of cash and deposits, notes and accounts receivable-trade, notes and accounts payable-trade, and short-term debt is omitted, as their book values approximate their fair values due to their short maturity. The fair values of investment securities are based on quoted market prices of stock exchanges. The fair value of long-term debt (except for lease obligations) is based on the total amount of the principal and interest discounted by the estimated interest rate that would be applied to an equivalent new debt.

Note 2: Financial instruments of which fair value is extremely difficult to determine

	Consolidated balance sheet			
	Millions of yen		Thousands of U.S. dollars (Note 1)	
	2022	2021	2022	
Unlisted shares	¥ 182	¥ 182	\$	1,489

These items are excluded from "Note 6. Investment securities" since there are no quoted market prices and it is extremely difficult to determine the fair value of such items.

Note 3: Monetary claims at March 31, 2022 and 2021 due within one year

	Millions of yen				Thousands of U.S. dollars (Note 1)	
	2022		2021		2022	
	Cash and deposits	¥ 24,760	¥ 23,725	\$	202,304	
Trade receivables	31,100	25,208		254,112		
Total	¥ 55,860	¥ 48,933	\$	456,417		

Note 4: Redemption schedules of corporate long-term debt with maturities at March 31, 2022 and 2021

	Long-term debt			
	Millions of yen		Thousands of U.S. dollars (Note 1)	
	2022	2021	2022	
2022	¥ 2,905	¥ 15,117	\$	23,736
2023	12,367	2,505		101,050
2024	6,167	12,017		50,393
2025	1,754	5,717		14,334
2026	14,050	1,354		114,796
2027 and thereafter	-	2,300		-

23. Lease

Finance lease assets that transfer ownership are depreciated or amortized on the straight-line method over the estimated useful lives of the assets with no residual value. Finance lease assets that do not transfer ownership are depreciated or amortized on a straight-line basis over the period of the lease with no residual value. Right-of-use assets are depreciated or amortized on a straight-line basis over the period of the lease with no residual value.

The assumed interest expense is computed using the interest method over the lease terms based on the difference between the acquisition cost of the lease assets and the total lease payments.

24. Revenue Recognition

- (1) The information that disaggregate the profit generated from the contracts with the customers
The information that disaggregate the revenue generated from the contracts with the customers are described in Note 25. Segment Information, etc.
- (2) The Basic information for understanding the revenue generated from contracts with customers
The basic information for understanding the revenue generated from contracts with customers are described as Notes (1. Basis of Presenting the Consolidated Financial Statements, 2. (16) Summary of Significant Accounting Policies, Standards for recording important income and expenses).
- (3) The information regarding relationship between the satisfaction of performance obligations based on the contracts with the customers, the cash flow generated from the contract and the amount of revenue expected to be recognized from the contract existing at the end of the current consolidated fiscal year after the next consolidated fiscal year.
 - 1) The balances of assets and liabilities from contracts with customers.
The balances of assets and liabilities from contracts with customers are as follows.

	Millions of yen		Thousands of U.S. dollars (Note 1)	
	2022		2022	
Assets from contracts with customers (Balance at the beginning of the year)	¥	25,208	\$	205,964
Assets from contracts with customers (Balance at the end of the year)		31,100		254,112
Contract liability (Balance at the beginning of the year)		14		116
Contract liability (Balance at the end of the year)		49		403

The contract liabilities are included in other current liabilities on the consolidated balance sheet. Contract liabilities are primarily the consideration received from the customers before delivery of the products. The recognized revenue in the current consolidated fiscal year included in the balance of contract liabilities in opening balance is not significant.

- 2) Allocating the transaction price to residual obligations
The Group applies simplified method and omits the disclosure for allocating the transaction prices to residual obligations because there are no significant contracts with an initially expected more than one year. Also, there are no significant amounts not included in the transaction price in the consideration generated from the contract with the customer.

25. Segment Information

(1) Overview of reportable segments

The Company defines its reportable segments as those operating units of which discrete financial information is available and results are reviewed by the Board of Directors periodically for the purpose of allocating resources and evaluating performance.

The Company has established a functional business division for the capacitor business that mainly manufactures and sells capacitors. The business division formulates comprehensive strategies for Japan and overseas. Accordingly, the Company has a single segment "Capacitor".

The "Capacitor" business mainly manufactures and sells aluminum capacitors related products including processed aluminum foils that are used as raw materials.

(2) Method of calculating amounts of net sales, income (loss), assets, and other items

The accounting policies of the segments are substantially the same as those described in the significant policies in Note 2. "Summary of Significant Accounting Policies". Profits of reportable segments correspond to operating income.

(3) Information concerning net sales and income (loss), assets and other items by reportable segment

	Millions of yen					
	2022			2021		
	Capacitor	Other	Consolidated	Capacitor	Other	Consolidated
Net sales:						
Sales to unaffiliated customers	¥ 134,947	¥ 5,369	¥ 140,316	¥ 106,122	¥ 4,666	¥ 110,788
Intersegment sales	-	-	-	-	-	-
Total	¥ 134,947	¥ 5,369	¥ 140,316	¥ 106,122	¥ 4,666	¥ 110,788
Segment profit (loss)	8,258	540	8,798	2,525	445	2,971
Other:						
Depreciation	6,192	60	6,253	5,991	56	6,048
Increase in fixed assets	5,537	321	5,858	3,442	35	3,477

	Thousands of U.S. dollars (Note 1)		
	2022		
	Capacitor	Other	Consolidated
Net sales:			
Sales to unaffiliated customers	\$ 1,102,598	\$ 43,870	\$ 1,146,468
Intersegment sales	-	-	-
Total	\$ 1,102,598	\$ 43,870	\$ 1,146,468
Segment profit (loss)	67,474	4,416	71,890
Other:			
Depreciation	50,595	496	51,091
Increase in fixed assets	45,240	2,626	47,867

- Notes:
- "Other" includes business segments other than the reportable segment such as CMOS Camera modules and Amorphous Choke Coils.
 - Total segment profit (loss) corresponds to operating profit (loss) in the consolidated statements of operations.
 - Segment assets are not disclosed since the assets are not allocated to each business segment.

(4) Related information

Related information for the years ended March 31, 2022 and 2021 are as follows:

1) Information by product and service

Information by product and service is omitted because the information is same as that of reporting segments.

2) Information by geographic area

i) Net Sales

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Japan	¥ 27,270	¥ 22,117	\$ 222,815
China	44,810	37,804	366,125
America	15,579	10,748	127,296
Europe	18,713	13,383	152,902
Others	33,942	26,733	277,328
Total	¥ 140,316	¥ 110,788	\$ 1,146,468

ii) Fixed assets

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Japan	¥ 26,819	¥ 26,524	\$ 219,133
China	2,021	1,836	16,518
America	2,121	2,341	17,333
Europe	2,633	2,602	21,517
Others	5,485	5,143	44,819
Total	¥ 39,081	¥ 38,448	\$ 319,322

iii) Information about major customers

Information about major customers for the years ended March 31, 2022 and 2021 are not presented as there is no customer to whom sales is over 10% in the consolidated statements of operations.

26. Subsequent events

On July 22, 2022, Nippon Chemi-Con Corporation and its subsidiary, United Chemi-Con, Inc. (hereinafter “the Companies”), have entered into a settlement with one of the plaintiffs in a civil action in the United States.

(1) Background (from the litigation filing until the settlement)

Civil actions were filed against Defendants including the Companies at the United States District Court for the Northern District of California, claiming recovery of damages on the ground of the alleged violation of laws including U.S. antitrust laws regarding Electrolytic Capacitor and Film Capacitor, and the Companies had already entered into a settlement with the Class Plaintiffs (Direct and Indirect Purchaser Plaintiffs) in the class action. However, separately, civil actions against the Companies are still pending with several plaintiffs who are not participating as the Class Plaintiffs (Direct Purchaser Plaintiffs). While the Companies do not admit any liability including a liability to recover damages, the Companies have agreed to settle with one of such plaintiffs, taking various factors into consideration.

(2) Outline of Settlement

The Companies will pay, as the settlement payment, \$31.5 million (approximately ¥4.3 billion, the exchange rate on June 30 2022 of ¥136.68 = U.S. \$1) to one of the plaintiffs, which is not recognized in the consolidated financial statements for the year ended March 31, 2022.

27. Other

The Company and its consolidated subsidiaries have been subjected to the investigations conducted by competition authorities in various countries with respect to the transactions of aluminum electrolytic capacitors and other capacitors. Results of the investigations might affect the Company and its consolidated subsidiaries' operating results.

Civil actions were filed against Defendants including the Companies at the United States District Court for the Northern District of California, claiming recovery of damages on the ground of the alleged violation of laws including U.S. antitrust laws regarding Electrolytic Capacitor and Film Capacitor. While the Companies do not admit any liability to recover the damages, the Companies decided to enter into a settlement with the Direct Purchaser Plaintiffs in the class action on December 15, 2021.

As the result, we posted the related loss on antitrust law as the extraordinary loss on the Consolidated Statement of Operations.