NIPPON CHEMI-CON CORPORATION

REPORT OF CONSOLIDATED FINANCIAL STATEMENTS

As of and for the year ended
March 31, 2023

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, 2023, 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, 2023, 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.

Emphasis of Matter

We draw attention to Note 27 to the consolidated financial statements, which describes that the verdict was issued on May 23, 2023 and the judgement was issued by the United States District Court for the Northern District of California on June 10, 2023 that the Company and its subsidiary, United Chemi-con, Inc will be responsible for payment in the civil lawsuits regarding Avnet, Inc., claiming recovery of damages on the ground of the alleged violation of laws including U.S. antitrust laws for Electrolytic Capacitors and Film Capacitors. Our opinion is not modified in respect of this matter.

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 ¥1,224 million on consolidated balance sheet as of March 31, 2023. As described in Note 8. Income Taxes, the amount of deferred tax assets before offsetting against the deferred tax liabilities is ¥2,376 million, which is a total gross deferred tax assets for deductible temporary differences and tax loss carryforwards of ¥9,956 million offset by the valuation allowance of ¥7,579 million. Of this amount, deferred tax assets recorded by the Company are ¥1,014 million. The Company determines the recoverability of deferred tax assets for deductible temporary differences and tax loss carryforwards by estimating the taxable income for next year. The Company's taxable income for next year is calculated 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. Given that the significant assumptions 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.	The audit procedures we performed to assess the recoverability of deferred tax assets included the following, among others: ・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 carryforwards were expected to be reversed or expired. ・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 examining 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 uncertainties reflecting 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. ・In order to evaluate the estimated taxable income for next year, we compared it with external market forecast data for the industries where major customers belong.

Other Information

The other information comprises the information included in the Annual Financial Report 2023 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, 2023 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

July 6, 2023

野水善之

Yoshiyuki Nomizu
Designated Engagement Partner
Certified Public Accountant

金子剛大

Takehiro Kaneko
Designated Engagement Partner
Certified Public Accountant

FINANCIAL HIGHLIGHTS
NIPPON CHEMI-CON CORPORATION
Five fiscal years ended March 31

	Millions of yen except for per share amounts									
	2023		2022		2021		2020		2019	
Net sales	¥	161,881	¥	140,316	¥	110,788	¥	114,599	¥	140,951
Profit (loss) attributable to owners of the parent company	¥	2,273	¥	(12,124)	¥	2,038	¥	(5,926)	¥	917
Profit (loss) per share:										
Basic	¥	112.09	¥	(597.88)	¥	114.76	¥	(363.96)	¥	56.36
Diluted	¥	-	¥	-	¥	114.63	¥	-	¥	-
Net assets per share	¥	2,478.43	¥	2,190.33	¥	2,544.62	¥	2,422.68	¥	2,921.53

	Thousands of U.S. dollars except for per share amounts									
	2023		2022		2021		2020		2019	
Net sales	$	1,212,325	$	1,050,822	$	829,691	$	858,230	$	1,055,576
Profit (loss) attributable to owners of the parent company	$	17,022	$	(90,803)	$	15,267	$	(44,381)	$	6,872
Profit (loss) per share:										
Basic	$	0.84	$	(4.48)	$	0.86	$	(2.73)	$	0.42
Diluted	$	-	$	-	$	0.86	$	-	$	-
Net assets per share	$	18.56	$	16.40	$	19.06	$	18.14	$	21.88

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. U.S. dollar amounts have been translated from yen at the rate of ¥133.53 = U.S. $1, as referred to in Note 1 to the consolidated financial statements.
4. Diluted earnings per share for the fiscal years from 2019 to 2020 and 2022 to 2023 is not presented because dilutive stock was not existed.

To Our Stakeholders

Norio Kamiyama

Overview of Operating Results

During the Fiscal Year Ended March 2023, the global economy trended towards economic recovery. The economy benefited from the continued normalization of economic activities following the easing of COVID-19 restrictions despite the soaring material prices due to the prolonged situation in Ukraine and the impact of sudden foreign current price fluctuations due to interest rate hikes by nations in the West. In Japan, the economy was firm overall thanks to recoveries in consumer spending and capital investments.

Looking at the market environment influencing the Nippon Chemi-Con Group, despite vehicle production being impacted by constraints on semiconductor supply, automotive markets were firm overall thanks to an increase in the number of electronic parts per vehicle due to advancing electrification and digitalization. Industrial equipment markets were also firm thanks to a recovery in demand for capital investments, which had been constrained due to COVID-19. On the other hand, ICT markets were stagnant overall due to a decline in PC demand, among other factors.

Amid this operating environment, our Group implemented policies outlined in our 9th Medium-Term Management Plan towards improving our revenue structure.

As structural reforms, we worked to optimize our production processes by advancing the shift to smart factories and promoted total production management (TPM). In addition to consolidating and eliminating small-lot products with low profitability, we also reevaluated product designs and the materials we use as manufacturing, sales, and technology united towards achieving cost reductions. Through these efforts, we achieved improvements in the structural reform targets for productivity, including overall equipment effectiveness (OEE), total effective equipment performance (TEEP), and per capita (productivity per worker).

Our product planning reforms include strengthening our development of high value-added new products for automotive electronics, industrial equipment, and ICT, which we position as our highest priority markets. To address the automotive electronics market in particular, we established an Automotive Electronics Group for each sales block in Japan. By having these groups directly participate in new product planning, we have established a structure for rapidly responding to changing market needs. In addition to these reforms, we also continued to work on price revisions to respond to soaring prices for raw materials and energy.

Our efforts for new product development this fiscal year include the new KHU Series and the LHU Series, snap-in type aluminum electrolytic capacitors that contribute to downsizing and long-lasting performance for switching power supplies and general-purpose inverters. We also developed the PNA Series, a surface mount type conductive polymer aluminum solid capacitor that achieves high heat and humidity resistance and long-lasting performance for use in 5G communication base stations.

As a result of these efforts, consolidated earnings for the fiscal year ended March 2023 resulted in net sales of 161,881 million yen (up 15.4% YoY), operating income of 12,939 million yen (up 47.1% YoY), and ordinary income of 10,994 million yen (up 36.8% YoY). Furthermore, profit attributable to owners of parent was 2,273 million yen (previous fiscal year resulted in losses attributable to owners of parent of 12,124 million yen), this was due to having recorded extraordinary losses in the form of amounts required to settle a civil suit in the USA and a class action lawsuit in Canada related to antitrust law.

However, the operating environment influencing our Group remains uncertain. Based on our current operating environment and financial status, at present, we believe that strengthening our financial position is our highest priority. In light of this situation, it is with sincere regret that we have decided to forego issuing a year-end dividend for the consolidated fiscal year ended March 2023. We ask our shareholders for your patience and understanding.

Operating Results by Division
Status by business division for FY2022 is as follows.

1. Capacitors (149,308 million yen, 92.2% of total sales)
Division net sales increased by 16.5% YoY due to increased demand in the automotive electronics market and industrial equipment market.

2. Mechanical Parts and Other Parts (4,496 million yen, 2.8% of total sales)
Division net sales increased by 41.0% YoY due to increased sales of amorphous choke coils and CMOS camera modules.

3. Capacitor Materials (5,731 million yen, 3.5% of total sales)
Division net sales decreased by 15.1% YoY due to decreased demand for electrode foils used in aluminum electrolytic capacitors.

4. Other Products (2,345 million yen, 1.5% of total sales)
Division net sales increased by 7.6% YoY due to increased demand for resale products.

Outlook for Fiscal 2023
Looking ahead, although China is forecast to see economic recovery on internal demand as the country ends its “zero-COVID” policies, there are concerns of economic slowdown in Western regions due to the impact of monetary tightening and inflation pressure. Overall, we forecast that the operating environment impacting our Group will remain uncertain. Additionally, increasing importance is being placed on carbon neutrality and other initiatives to reduce environmental load amid increasing global concerns of climate risks. Japan is also projected to face difficulty securing human resources due to workforce population decline.

Amid such an environment, in April 2023 the Nippon Chemi-Con Group launched our 10th Medium-Term Management Plan (FYE 3/2024 to FYE 3/2026). Embracing a basic policy of achieving high-quality growth through enhancement of resilience, this Plan features core measures for flexibly adapting to difficult environments and conditions to achieve sustainable growth. We will steadily implement these measures.

For sales, we will continue using collaborations between the sales and development divisions to accelerate the development of high value-added new products that respond to latent customer needs. For productions, we will further promote our smart factory vision and other production structure optimization and labor-saving measures, as we strive to enhance cost competitiveness by improving productivity.

Ahead of the 100th anniversary of our foundation, we will increase our focus on fostering the development of human resources who will become leaders 10 years from now. We will adopt data tools to visualize employee skills and work history, and develop an education and training environment that leads to effective skills improvement and career formation.

Nippon Chemi-Con and our subsidiary United Chemi-Con, Inc. (hereinafter, Companies) have settled with the plaintiffs of the class action civil suit filed in the United States concerning antitrust law violations related to electrolytic capacitors and film capacitors (direct purchasers and indirect purchasers) while we do not recognize liability. However, there remain civil lawsuits involving multiple plaintiffs who chose not to participate in the class action complaint (direct purchasers). While the Companies do not recognize liability for the compensation of damages, following a comprehensive evaluation of all relevant circumstances, in July 2022, the Companies agreed with certain plaintiffs to pay US 31.5 million dollars as a settlement.

Furthermore, the Companies were the subjects of class action lawsuits filed in courts in multiple Canadian provinces (Ontario, Quebec, British Colombia) for damages concerning antitrust law violations related to electrolytic capacitors and film capacitors. While the Companies do not recognize fault or liability, following a comprehensive evaluation of all relevant circumstances, in May 2023, the Companies agreed with all class action plaintiffs (including direct purchasers, indirect purchasers, and all other parties) to pay Canadian 21.3 million dollars as a settlement. This settlement shall take effect immediately upon the completion of approval procedures by the court.

Additionally, our Group was the subject of a lawsuit and was issued verdicts of fines by antitrust authorities in various countries concerning transactions for aluminum electrolytic capacitors and other products, 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 significant inconvenience we have caused. We will implement various measures, including reinforcing the education and training of employees, conducting enlightenment activities, and enhancing internal audits as we put forth every effort towards engaging in fair business practices, preventing reoccurrence, and ensuring compliance with antitrust laws and all other relevant laws and ordinances.

June 29, 2023

Norio Kamiyama

Norio Kamiyama
President

NIPPON CHEMI-CON CORPORATION and its consolidated subsidiaries

Consolidated Balance Sheet
As of March 31, 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
Assets	**2023**	2022	**2023**
Current assets:			
Cash and deposits (Note 3)	¥ **26,141**	¥ 24,760	$ **195,772**
Notes and accounts receivable-trade (Note 4)	**32,555**	31,100	**243,803**
Inventories (Note 5)	**33,003**	31,603	**247,158**
Accounts receivable-other	**5,356**	7,371	**40,112**
Other current assets	**761**	1,606	**5,703**
Less allowance for doubtful accounts	**(59)**	(8)	**(444)**
Total current assets	**97,758**	96,434	**732,105**
Fixed assets:			
Property, plant and equipment:			
Buildings and structures	**43,743**	42,036	**327,593**
Machinery, equipment and others	**150,850**	145,379	**1,129,711**
Land	**6,946**	6,939	**52,019**
Lease assets	**1,568**	1,566	**11,748**
Right-of-use assets	**4,615**	3,409	**34,564**
Construction in progress	**3,306**	2,797	**24,758**
Sub total	**211,030**	202,129	**1,580,395**
Less accumulated depreciation	**(169,149)**	(163,047)	**(1,266,755)**
Property, plant and equipment, net	**41,880**	39,081	**313,640**
Intangible fixed assets	**2,146**	1,809	**16,072**
Investments and other assets :			
Investment securities (Notes 6 and 15)	**18,318**	16,301	**137,189**
Deferred tax assets (Note 8)	**1,224**	1,244	**9,170**
Other	**1,431**	1,287	**10,719**
Less allowance for doubtful accounts	**(17)**	(18)	**(132)**
Total investments and other assets	**20,957**	18,815	**156,947**
Total fixed assets	**64,983**	59,706	**486,659**
Total assets	¥ **162,741**	¥ 156,140	$ **1,218,765**

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

Consolidated Balance Sheet
As of March 31, 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
Liabilities and Net Assets	**2023**	2022	**2023**
Current liabilities:			
Notes and accounts payable-trade	**¥ 9,850**	¥ 9,495	**$ 73,768**
Electronically recorded obligations	**7,569**	6,780	**56,688**
Short-term debt (Note 7)	**23,698**	19,901	**177,476**
Lease obligations (Short-term)	**1,086**	922	**8,136**
Accounts payable-other	**8,932**	24,099	**66,892**
Income taxes payable	**1,206**	1,101	**9,039**
Accrued expenses	**2,890**	3,082	**21,649**
Bonus reserve	**1,877**	1,912	**14,060**
Notes payable-equipment	**139**	133	**1,043**
Other current liabilities	**1,929**	1,794	**14,449**
Total current liabilities	**59,181**	69,223	**443,204**
Long-term liabilities:			
Long-term debt (Note 7)	**42,022**	34,339	**314,700**
Lease obligations (Long-term)	**3,402**	3,244	**25,482**
Deferred tax liabilities (Note 8)	**769**	345	**5,764**
Net defined benefit liability (Note 10)	**3,784**	4,050	**28,340**
Other long-term liabilities	**2,903**	221	**21,741**
Total long-term liabilities	**52,881**	42,201	**396,029**
Total liabilities	**112,062**	111,424	**839,234**
Net assets:			
Shareholders' equity			
Common stock			
Authorized 39,613,200 shares			
issued and outstanding,20,314,833 shares in 2023 and 2022	**24,310**	24,310	**182,061**
Capital surplus	**21,224**	21,224	**158,946**
Retained earnings	**(5,411)**	(7,684)	**(40,527)**
Treasury shares (Note 13)	**(110)**	(108)	**(831)**
Total shareholders' equity	**40,012**	37,741	**299,649**
Accumulated other comprehensive income			
Net unrealized gains on securities	**1,314**	904	**9,846**
Foreign currency translation adjustments	**7,322**	3,970	**54,836**
Remeasurements of defined benefit plans	**1,607**	1,800	**12,040**
Total accumulated other comprehensive income	**10,244**	6,676	**76,723**
Non-controlling interests	**421**	297	**3,158**
Total net assets	**50,678**	44,715	**379,531**
Total liabilities and net assets	**¥ 162,741**	¥ 156,140	**$ 1,218,765**

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

NIPPON CHEMI-CON CORPORATION and its consolidated subsidiaries

Consolidated Statement of Operations
For the year ended March 31,2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	**2023**
Net sales	**¥ 161,881**	¥ 140,316	**$ 1,212,325**
Cost of sales	**124,954**	109,063	**935,777**
Gross profit	**36,927**	31,252	**276,547**
Selling, general and administrative expenses (Notes 16 and 17)	**23,987**	22,453	**179,641**
Operating income	**12,939**	8,798	**96,906**
Non-operating income:			
Interest income	**91**	35	**684**
Dividend income	**134**	116	**1,006**
Equity in earnings of affiliated companies	**619**	545	**4,639**
Other	**61**	37	**458**
Total non-operating income	**906**	734	**6,789**
Non-operating expenses:			
Interest expenses	**1,001**	795	**7,502**
Financing expenses	**636**	525	**4,765**
Foreign exchange losses	**1,115**	95	**8,355**
Other	**98**	78	**739**
Total non-operating expenses	**2,852**	1,494	**21,362**
Ordinary income	**10,994**	8,038	**82,334**
Extraordinary income:			
Gain on sales of property, plant and equipment (Note 18)	**0**	5	**0**
Total extraordinary income	**0**	5	**0**
Extraordinary loss:			
Loss on disposal of property, plant and equipment (Note 19)	**55**	103	**418**
Loss on antitrust law (Note 26)	**6,409**	18,403	**47,999**
Total extraordinary loss	**6,465**	18,506	**48,418**
Profit (loss) before income taxes	**4,528**	(10,462)	**33,916**
Income taxes (Note 8):			
Current	**1,857**	1,618	**13,912**
Deferred	**320**	72	**2,397**
	2,177	1,690	**16,310**
Profit (loss)	**2,350**	(12,153)	**17,605**
Profit (loss) attributable to non-controlling interests	**77**	(28)	**583**
Profit (loss) attributable to owners of parent	**¥ 2,273**	¥ (12,124)	**$ 17,022**

Profit (loss) per share:	Yen		U.S. dollars (Note 1)
	2023	2022	**2023**
Basic	**¥ 112.09**	¥ (597.88)	**$ 0.84**

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

Consolidated Statement of Comprehensive Income
For the year ended March 31, 2023

	Millions of yen				Thousands of U.S. dollars (Note 1)	
		2023		2022		**2023**
Profit (loss)	**¥**	**2,350**	¥	(12,153)	**$**	**17,605**
Other comprehensive income						
Net unrealized holding gains on securities		**425**		187		**3,188**
Foreign currency translation adjustments		**3,402**		3,523		**25,479**
Remeasurements of defined benefit plans		**(226)**		956		**(1,697)**
Share in other comprehensive income of affiliated companies accounted for using the equity method		**(8)**		300		**(65)**
Total other comprehensive income (Note 20)		**3,592**		4,967		**26,904**
Comprehensive income	**¥**	**5,943**	¥	(7,185)	**$**	**44,510**
Attributable to:						
Owners of parent		**5,819**		(7,185)		**43,578**
Non-controlling interests		**124**		(0)		**931**

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

Consolidated Statement of Changes in Net Assets
For the year ended March 31, 2023

For the Year Ended March 31, 2023

	Shareholders' equity (Note 12) Millions of yen				
	Common stock	Capital surplus	Retained earnings	Treasury shares (Note 13)	Total shareholders' equity
Balance at April 1, 2022	¥ 24,310	¥ 21,224	¥ (7,684)	¥ (108)	¥ 37,741
Changes of items during year					
Profit (loss) attributable to owners of parent			2,273		2,273
Purchase of treasury shares				(2)	(2)
Net changes of items other than shareholders' equity					
Total changes of items during year	-	-	2,273	(2)	2,270
Balance as of March 31, 2023	¥ 24,310	21,224	¥ (5,411)	¥ (110)	¥ 40,012

	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, 2022	¥ 904	¥ 3,970	¥ 1,800	¥ 6,676	¥ 297	¥ 44,715
Changes of items during year						
Profit (loss) attributable to owners of parent						2,273
Purchase of treasury shares						(2)
Net changes of items other than shareholders' equity	410	3,351	(193)	3,568	124	3,692
Total changes of items during year	410	3,351	(193)	3,568	124	5,963
Balance as of March 31, 2023	¥ 1,314	¥ 7,322	¥ 1,607	¥ 10,244	¥ 421	¥ 50,678

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

Consolidated Statement of Changes in Net Assets
For the year ended March 31, 2023

	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, 2022	$ 182,061	$ 158,946	$ (57,549)	$ (812)	$ 282,645
Changes of items during year					
Profit (loss) attributable to owners of parent			17,022		17,022
Purchase of treasury shares				(18)	(18)
Net changes of items other than shareholders' equity					
Total changes of items during year	-	-	17,022	(18)	17,004
Balance as of March 31, 2023	$ 182,061	$ 158,946	$ (40,527)	$ (831)	$ 299,649

	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, 2022	$ 6,774	$ 29,738	$ 13,487	$ 49,999	$ 2,226	$ 334,871
Changes of items during year						
Profit (loss) attributable to owners of parent						17,022
Purchase of treasury shares						(18)
Net changes of items other than shareholders' equity	3,072	25,098	(1,447)	26,723	931	27,655
Total changes of items during year	3,072	25,098	(1,447)	26,723	931	44,659
Balance as of March 31, 2023	$ 9,846	$ 54,836	$ 12,040	$ 76,723	$ 3,158	$ 379,531

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

Consolidated Statement of Changes in Net Assets
For the year ended March 31, 2023

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					
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						
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.

	Millions of yen				Thousands of U.S. dollars (Note 1)	
	2023		2022		2023	
Cash flows from operating activities:						
Profit (loss) before income taxes	¥	**4,528**	¥	(10,462)	$	**33,916**
Depreciation and amortization		**6,332**		6,253		**47,426**
Loss on antitrust laws		**6,409**		18,403		**47,999**
(Decrease) increase in net defined benefit liability		**(615)**		(164)		**(4,613)**
(Decrease) increase in allowance for doubtful accounts		**49**		(2)		**369**
(Decrease) increase in provision for environmental safety measures		**0**		(22)		**0**
Interest and dividend income		**(225)**		(151)		**(1,691)**
Interest expenses		**1,001**		795		**7,502**
Foreign exchange loss (gain)		**(359)**		(30)		**(2,693)**
Equity in earnings of affiliated companies		**(619)**		(545)		**(4,639)**
Loss (gain) on disposal of property, plant and equipment, net		**55**		97		**418**
(Increase) decrease in notes and accounts receivable		**(319)**		(3,867)		**(2,389)**
(Increase) decrease in inventories		**246**		(4,240)		**1,847**
(Decrease) increase in notes and accounts payable		**(182)**		(753)		**(1,363)**
(Decrease) increase in accounts payable – other		**(663)**		1,942		**(4,967)**
Other		**3,107**		(388)		**23,274**
Sub total		**18,747**		6,863		**140,397**
Interest and dividends received		**422**		312		**3,167**
Interest paid		**(985)**		(806)		**(7,384)**
Income taxes paid		**(1,906)**		(1,263)		**(14,278)**
Payments related to antitrust laws		**(21,140)**		-		**(158,319)**
Net cash provided by (used in) operating activities		**(4,862)**		5,105		**(36,415)**
Cash flows from investing activities:						
Purchase of property, plant and equipment		**(6,257)**		(5,031)		**(46,863)**
Proceeds from sales of property, plant and equipment		**0**		7		**0**
Purchase of intangible fixed assets		**(571)**		(368)		**(4,280)**
Payments of loans receivable		**(13)**		(12)		**(101)**
Collections of loans receivable		**14**		14		**109**
Other		**(6)**		181		**(50)**
Net cash provided by (used in) investing activities		**(6,834)**		(5,208)		**(51,186)**
Cash flows from financing activities:						
Net increase (decrease) in short-term debt		**(8,323)**		2,477		**(62,337)**
Proceeds from long-term debt		**23,000**		13,500		**172,245**
Repayments of long-term debt		**(3,355)**		(15,267)		**(25,126)**
Purchase of treasury shares		**(2)**		(3)		**(18)**
Repayments of lease obligations		**(1,179)**		(924)		**(8,830)**
Proceeds from sale and installment back transactions		**2,000**		-		**14,977**
Repayments of installment payables		**(89)**		-		**(674)**
Net cash provided by (used in) financing activities		**12,049**		(218)		**90,237**
Effect of exchange rate changes on cash and cash equivalents		**1,029**		1,355		**7,710**
Net increase (decrease) in cash and cash equivalents		**1,381**		1,034		**10,344**
Cash and cash equivalents at beginning of year		**24,754**		23,720		**185,386**
Cash and cash equivalents at end of year (Note 3)	¥	**26,135**	¥	24,754	$	**195,731**

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 ¥133.53 = U.S. $1, the rate of exchange on March 31, 2023 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 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:

	2023
Consolidated subsidiaries	**21**
Affiliated company	**1**

Investments in all affiliated companies, with minor exceptions, are stated at their underlying equity value. The fiscal year end of the affiliated company is December 31, and the financial statements for that date are used. as the basis of the consolidated financial statements.

(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 and Amortization

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. The main useful lives are as follows.

Buildings: From 2 years through 41 years
Machinery, equipment: From 2 years through 10 years

Amortization for the intangible assets (except for lease assets) are computed primarily using the straight-line method over the estimated useful lives of the assets. Internal used software is amortized for 5 years using the straight-line method.

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 debts

3) Hedge policy
The Company and its consolidated subsidiaries enter into interest swap agreements to hedge risks from fluctuation in interest rate of debts. 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" and “Non-controlling interests” in Net Assets.

(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 group tax sharing 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 Net assets per Share

Basic profit (loss) per share amounts are based on the average number of common shares outstanding during each year. On the other hand, net assets per share amounts are based on the number of common shares outstanding at the end of each year.

	Yen		U.S. dollars (Note 1)
	2023	2022	**2023**
Basic profit (loss) per share	¥ **112.09**	¥ (597.88)	$ **0.84**
Net assets per share	¥ **2,478.43**	¥ 2,190.33	$ **18.56**
The average number of shares outstanding during the period	**20,278**	20,279	**20,278**

(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 sheet at March 31, 2023 Deferred Tax Assets ¥1,224 million and at March 31, 2022 Deferred Tax Assets ¥1,244 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 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 are changed and the estimated taxable income in the future is reduced, there is the 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. Cash and Cash Equivalents

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

	Millions of yen				Thousands of U.S. dollars (Note 1)	
	2023		2022		**2023**	
Cash and deposits	**¥**	**26,141**	¥	24,760	**$**	**195,772**
Time deposits with a deposit term of over 3 months		**(5)**		(5)		**(40)**
Cash and cash equivalents	**¥**	**26,135**	¥	24,754	**$**	**195,731**

4. Notes and accounts receivable-trade

	Millions of yen				Thousands of U.S. dollars (Note 1)	
	2023		2022		**2023**	
Notes receivable-trade	**¥**	**1,595**	¥	1,896	**$**	**11,946**
Accounts receivable-trade		**30,959**		29,204		**231,856**
Notes and accounts receivable-trade	**¥**	**32,555**	¥	31,100	**$**	**243,803**

5. Inventories

Inventories at March 31, 2023 and 2022 comprised of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	**2023**
Finished goods and merchandise	¥ **14,308**	¥ **14,344**	$ **107,153**
Work-in-process	**11,752**	**10,929**	**88,012**
Raw materials and supplies	**6,942**	**6,329**	**51,991**
Total	¥ **33,033**	¥ **31,603**	$ **247,158**

6. Investment Securities

At March 31, 2023 and 2022, the acquisition cost, fair value and unrealized gains or losses of investment securities, whose fair value is available, are as follows:

	Millions of yen							
	2023				2022			
	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**	¥ **1,849**	¥ **59**	¥ **3,776**	¥ 1,985	¥ 1,335	¥ 158	¥ 3,162
Total	¥ **1,985**	¥ **1,849**	¥ **59**	¥ **3,776**	¥ 1,985	¥ 1,335	¥ 158	¥ 3,162

	Thousands of U.S. dollars (Note 1)			
	2023			
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Fair value
Other securities:				
Equity securities	$ **14,872**	$ **13,854**	$ **445**	$ **28,281**
Total	$ **14,872**	$ **13,854**	$ **445**	$ **28,281**

7. Short-Term and Long-Term Debt

The weighted average interest rates applicable to loans for the years ended March 31, 2023 and 2022 are 1.82% and 1.28%, respectively.

Short-term debt at March 31, 2023 and 2022 comprised of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	**2023**
Bank loans and overdrafts	¥ **8,830**	¥ 16,996	$ **66,133**
Current portion of long-term debt	**14,867**	2,905	**111,342**
Total	¥ **23,698**	¥ 19,901	$ **177,476**

Long-term debt at March 31, 2023 and 2022 comprised of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	**2023**
Loans:			
Loans, principally from banks and insurance companies due from 2023 to 2027 with interest rates ranging from 0.35% to 5.0%	¥ **56,889**	¥ 37,244	$ **426,043**
	56,889	37,244	**426,043**
Less: current portion	**(14,867)**	(2,905)	**(111,342)**
Total	¥ **42,022**	¥ 34,340	$ **314,700**

Note: The Company has a syndicate loan contract, a term loan contract and a commitment line with financial institutions. These include financial covenants referring to certain indices 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, 2023.

Significant components of deferred tax assets and liabilities as at March 31, 2023 and 2022 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	**2023**
Deferred tax assets:			
Bonus reserve	¥ **499**	¥ 518	$ **3,740**
Net defined benefit liability	**999**	997	**7,482**
Tax loss carryforwards	**6,423**	6,966	**48,101**
Unrealized gain on inventories	**187**	156	**1,401**
Loss on devaluation of inventories	**171**	154	**1,282**
Accrued expenses	**367**	449	**2,748**
Accounts payable-other	**245**	1,070	**1,839**
Other	**558**	538	**4,185**
Total gross deferred tax assets	**9,451**	10,852	**70,782**
Valuation allowance for tax loss carryforwards[1]	**(6,066)**	(6,514)	**(45,432)**
Valuation allowance for total deductible temporary differences	**(1,008)**	(1,855)	**(7,551)**
Subtotal of valuation allowance[2]	**(7,075)**	(8,370)	**(52,984)**
Total deferred tax assets	**2,376**	2,481	**17,798**
Deferred tax liabilities:			
Net unrealized gains on securities	**(548)**	(360)	**(4,105)**
Depreciation recorded by foreign subsidiaries	**(266)**	(239)	**(1,995)**
Undistributed earnings of foreign subsidiaries	**(1,066)**	(938)	**(7,983)**
Other	**(40)**	(43)	**(306)**
Total deferred tax liabilities	**(1,921)**	(1,582)	**(14,391)**
Net deferred tax assets	¥ **454**	¥ 899	$ **3,406**

Notes: 1. Valuation allowance decreased by ¥1,295 million from the previous fiscal year. The main reason for the change is a decrease in valuation allowance for total deductible temporary differences of ¥847 million.

2. Amounts of tax loss carryforward and related deferred tax assets by expiry date as of March 31, 2023 and 2022 are as follows:

	Millions of yen						
	2023						
	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	**¥ 26**	**¥ 5**	**¥ 86**	**¥ 30**	**¥ -**	**¥ 6,273**	**¥ 6,423**
Valuation allowance	**¥ 14**	**¥ 5**	**¥ 84**	**¥ -**	**¥ -**	**¥ 5,962**	**¥ 6,066**
Deferred tax assets(*)	**¥ 12**	**¥ -**	**¥ 1**	**¥ 30**	**¥ -**	**¥ 311**	**¥ 356**

	Thousands of U.S. dollars (Note 1)						
	2023						
	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	**$ 202**	**$ 39**	**$ 645**	**$ 230**	**$ -**	**$ 46,983**	**$ 48,101**
Valuation allowance	**$ 109**	**$ 39**	**$ 632**	**$ -**	**$ -**	**$ 44,650**	**$ 45,432**
Deferred tax assets(*)	**$ 92**	**$ -**	**$ 13**	**$ 230**	**$ -**	**$ 2,332**	**$ 2,669**

	Millions of yen						
	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	¥ 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

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

For the year ended March 31, 2023, the reconciliation between the statutory tax rate and the effective income tax rate is as follows:

	2023	2022
Statutory tax rate	30.62 **%**	- %
Increase (decrease) in taxes resulting from:		
Expenses not deductible for income tax purposes	27.12	-
Capita levy on inhabitant tax	1.04	-
Overseas withholding taxes	1.75	-
Nontaxable dividend income	(14.86)	-
Change in the valuation allowance	(1.58)	-
Difference in foreign subsidiaries' tax rates	(11.53)	-
Effect of eliminated dividend income	16.79	-
Other	(1.27)	-
Effective income tax rate	48.09 **%**	- %

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			
	2023			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Equity securities	¥ **3,776**	¥ **-**	¥ **-**	¥ **3,776**
Derivative transactions				
Currency-related transactions	**-**	**27**	**-**	**27**
Total	¥ **3,776**	¥ **27**	¥ **-**	¥ **3,803**

	Thousands of U.S. dollars (Note 1)			
	2023			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Equity securities	$ **28,281**	$ **-**	$ **-**	$ **28,281**
Derivative transactions				
Currency-related transactions	**-**	**203**	**-**	**203**
Total	$ **28,281**	$ **203**	$ **-**	$ **28,484**

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

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

	Millions of yen			
	2023			
	Level 1	Level 2	Level 3	Total
Investments in securities				
Investments in stock of affiliates	¥ **6,453**	¥ **-**	¥ **-**	¥ **6,453**
Total assets	**6,453**	**-**	**-**	**6,453**
Long-term debt	**-**	**41,266**	**-**	**41,266**
Total liabilities	¥ **-**	¥ **41,266**	¥ **-**	¥ **41,266**

	Thousands of U.S. dollars (Note 1)			
	2023			
	Level 1	Level 2	Level 3	Total
Investments in securities				
Investments in stock of affiliates	$ **48,327**	$ **-**	$ **-**	$ **48,327**
Total assets	**48,327**	**-**	**-**	**48,327**
Long-term debt	**-**	**309,042**	**-**	**309,042**
Total liabilities	$ **-**	$ **309,042**	$ **-**	$ **309,042**

	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**

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, 2023 and 2022 are as follows:

	Millions of yen				Thousands of U.S. dollars (Note 1)	
		2023		2022		**2023**
Balance at the beginning of the year	**¥**	**26,160**	¥	26,207	**$**	**195,914**
Service cost		**933**		879		**6,989**
Interest cost		**179**		191		**1,347**
Actuarial loss		**(260)**		187		**(1,949)**
Retirement benefit paid		**(1,603)**		(1,493)		**(12,006)**
Other		**(345)**		188		**(2,590)**
Balance at the end of the year	**¥**	**25,064**	¥	26,160	**$**	**187,704**

The changes in the plan assets for the years ended March 31, 2023 and 2022 are as follows:

	Millions of yen				Thousands of U.S. dollars (Note 1)	
		2023		2022		**2023**
Balance at the beginning of the year	**¥**	**22,109**	¥	21,178	**$**	**165,577**
Expected return on plan assets		**272**		263		**2,039**
Actuarial loss		**(742)**		905		**(5,562)**
Contributions by the company		**359**		532		**2,694**
Retirement benefit paid		**(738)**		(786)		**(5,532)**
Other		**19**		15		**148**
Balance at the end of the year	**¥**	**21,279**	¥	22,109	**$**	**159,364**

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, 2023 and 2022 are as follows:

	Millions of yen				Thousands of U.S. dollars (Note 1)	
		2023		2022		**2023**
Funded defined benefit obligations	¥	**16,754**	¥	17,444	$	**125,475**
Pension assets		**(21,279)**		(22,109)		**(159,364)**
		(4,525)		(4,664)		**(33,888)**
Unfunded defined benefit obligations		**8,309**		8,715		**62,229**
Net amount of liabilities and assets in consolidated balance sheet		**3,784**		4,050		**28,340**
Net defined benefit liability		**3,784**		4,050		**28,340**
Net amount of liabilities and assets in consolidated balance sheet	¥	**3,784**	¥	4,050	$	**28,340**

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, 2023 and 2022 are as follows:

	Millions of yen				Thousands of U.S. dollars (Note 1)	
		2023		2022		**2023**
Service cost	¥	**933**	¥	879	$	**6,989**
Interest cost		**179**		191		**1,347**
Expected return on plan assets		**(272)**		(263)		**(2,039)**
Amortization of unrecognized actuarial loss		**280**		210		**2,101**
Amortization of prior service cost		**13**		13		**100**
Retirement benefit expense	¥	**1,134**	¥	1,031	$	**8,499**

The breakdown of items in other comprehensive income before tax effect for the years ended March 31, 2023 and 2022 are as follows:

	Millions of yen				Thousands of U.S. dollars (Note 1)	
		2023		2022		**2023**
Actuarial loss	¥	**201**	¥	(928)	$	**1,511**
Prior service cost		**(13)**		(13)		**(100)**
Total	¥	**188**	¥	(942)	$	**1,411**

The breakdown of items in accumulated other comprehensive income before tax effect as of March 31, 2023 and 2022 are as follows:

	Millions of yen				Thousands of U.S. dollars (Note 1)	
		2023		2022		**2023**
Unrecognized actuarial loss	¥	**(1,642)**	¥	(1,807)	$	**(12,301)**
Unrecognized prior service cost		**67**		80		**504**
Total	¥	**(1,575)**	¥	(1,727)	$	**(11,797)**

The breakdown of pension assets by major category as of March 31, 2023 and 2022 are as follows:

	2023	2022
Equity securities	**42%**	43%
General account	**20%**	19%
Alternatives	**11%**	11%
Bonds	**25%**	25%
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 18% of the total as of March 31, 2023 and 19% as of March 31, 2022.

The items of actuarial assumptions as of March 31, 2023 and 2022 are as follows (The discount rate is shown as weighted average.):

	2023	2022
Discount rate	**0.3%**	0.3%
Expected rate of long-term return on plan assets	**1.25%**	1.25%

The amounts paid to the defined contribution pension plans for the years ended March 31, 2023 and 2022 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	**2023**
Defined contribution pension plans	**¥ 231**	¥ 193	**$ 1,736**

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, 2023			March 31, 2022		
	Notional amount	Fair value	Unrealized gain (loss)	Notional amount	Fair value	Unrealized gain (loss)
Foreign exchange forward contracts in non-market trading						
Sell:						
US$	**¥ 6,854**	**¥ (0)**	**¥ (0)**	¥ 6,267	¥ (143)	¥ (143)
Euro	**1,470**	**(2)**	**(2)**	1,215	(1)	(1)
Korean Won	**-**	**-**	**-**	43	(0)	(0)
Buy:						
US$	**2,663**	**30**	**30**	17,022	1,086	1,086
	¥ 10,989	**¥ 27**	**¥ 27**	¥ 24,548	¥ 941	¥ 941

	Thousands of U.S. dollars (Note 1)		
	March 31, 2023		
	Notional amount	Fair value	Unrealized gain (loss)
Foreign exchange forward contracts in non-market trading			
Sell:			
US$	**$ 51,335**	**$ (3)**	**$ (3)**
Euro	**11,011**	**(18)**	**(18)**
Korean Won	**-**	**-**	**-**
Buy:			
US$	**19,949**	**224**	**224**
	$ 82,296	**$ 203**	**$ 203**

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, 2023			March 31, 2022		
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	**36,700**	**29,700**	**(*)**	23,700	23,700	(*)

			Thousands of U.S. dollars (Note 1)		
			March 31, 2023		
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	**274,844**	**222,421**	**(*)**

(*) 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:

		2022		Increase during the year		Decrease during the year		**2023**
Number of shares		35,640		1,377		-		**37,017**
Total price (Millions of yen)	¥	108	¥	2	¥	-	**¥**	**110**
Total price (Thousands of U.S. dollars)	$	812	$	18	$	-	**$**	**831**

The 1,377 increase in the number of treasury shares of common stock is due to purchasing the shares less than one unit.

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, 2023 and 2022 and transactions for the years ended March 31, 2023 and 2022 with related parties are summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	**2023**
Investment securities	**¥ 14,446**	¥ 13,042	**$ 108,188**

	Millions of yen					
	2023			2022		
	Transaction amount	Account Title	Balance at end of year	Transaction amount	Account Title	Balance at end of year
Purchase of affiliates' products	**¥ 6,969**	Accounts payable	**¥ 477**	¥ 5,489	Accounts payable	¥ 346
Sales of materials and equipment	**602**	Accounts receivable -trade	**46**	688	Accounts receivable -trade	51
Supply of materials	**¥ 1,837**	Accounts receivable -other	**¥ 71**	¥ 1,660	Accounts receivable -other	¥ 203

	Thousands of U.S. dollars (Note 1)		
	2023		
	Transaction amount	Account Title	Balance at end of year
Purchase of affiliates' products	**$ 52,192**	Accounts payable	**$ 3,572**
Sales of materials and equipment	**4,515**	Accounts receivable -trade	**350**
Supply of materials	**$ 13,762**	Accounts receivable - other	**$ 533**

Condensed financial information of the significant affiliated companies, for which the equity method is applied, as of March 31, 2023 and 2022, and for the years then ended, is follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	**2023**
Total current assets	**¥ 39,490**	¥ 36,228	**$ 295,740**
Total fixed assets	**17,409**	16,667	**130,381**
Total current liabilities	**1,731**	2,851	**12,964**
Total long-term liabilities	**123**	251	**924**
Total net assets	**55,045**	49,794	**412,232**
Net sales	**23,185**	22,956	**173,631**
Profit before income taxes	**2,488**	2,168	**18,636**
Net profit	**1,850**	1,636	**13,856**

16. Selling, General and Administrative Expenses

The following are the major components of selling, general and administrative expenses for the years ended March 31, 2023 and 2022.

	Millions of yen				Thousands of U.S. dollars (Note 1)	
		2023		2022		**2023**
Freight and transportation	¥	**5,915**	¥	5,632	$	**44,304**
Salaries and wages		**4,746**		4,328		**35,543**
Provision for bonus reserve		**924**		920		**6,925**
Retirement benefit expenses		**393**		342		**2,945**
Depreciation		**1,136**		1,094		**8,509**
Research and development expenses		**4,383**		4,156		**32,828**

17. Research and Development Expenses

The total amounts of research and development expenses for the years ended March 31, 2023 and 2022 are as follows and all of them are charged to income as incurred.

	Millions of yen				Thousands of U.S. dollars (Note 1)	
		2023		2022		**2023**
Research and development expenses	¥	**4,383**	¥	4,156	$	**32,828**

18. Gain on Sales of Property, Plant and Equipment

Gain on sales of property, plant and equipment for the years ended March 31, 2023 and 2022 are as follows:

	Millions of yen				Thousands of U.S. dollars (Note 1)	
		2023		2022		**2023**
Machinery, equipment and vehicles	¥	**0**	¥	5	$	**0**
Total	¥	**0**	¥	5	$	**0**

19. Loss on Disposal of Property, Plant and Equipment

Loss on disposal of property, plant and equipment for the years ended March 31, 2023 and 2022 are as follows:

	Millions of yen				Thousands of U.S. dollars (Note 1)	
		2023		2022		**2023**
Buildings and structures	¥	**11**	¥	**11**	$	**82**
Machinery, equipment and others		**44**		**92**		**335**
Total	¥	**55**	¥	**103**	$	**418**

20. Other Comprehensive Income

For the years ended March 31, 2023 and 2022, other comprehensive income is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	**2023**
Net unrealized holding gains on securities			
Amount arising during the year	¥ **613**	¥ 269	$ **4,595**
Reclassification adjustments	**-**	-	**-**
Before deferred tax adjustments	**613**	269	**4,595**
Deferred tax amounts	**(187)**	(82)	**(1,407)**
Net unrealized holding gains on securities	**425**	187	**3,188**
Foreign currency translation adjustments			
Amount arising during the year	**3,402**	3,523	**25,479**
Reclassification adjustments	**-**	-	**-**
Foreign currency translation adjustments	**3,402**	3,523	**25,479**
Remeasurements of defined benefit plans			
Amount arising during the year	**(482)**	717	**(3,612)**
Reclassification adjustments	**294**	224	**2,201**
Before deferred tax adjustments	**(188)**	942	**(1,411)**
Deferred tax amounts	**(38)**	14	**(286)**
Remeasurements of defined benefit plans	**(226)**	956	**(1,697)**
Share in other comprehensive income of affiliated companies accounted for using the equity method			
Amount arising during the year	**(8)**	300	**(65)**
Reclassification adjustments	**-**	-	**-**
Share in other comprehensive income of affiliated companies accounted for using the equity method	**(8)**	300	**(65)**
Total other comprehensive income	¥ **3,592**	¥ 4,967	$ **26,904**

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 debt is used for the Company's operation and long-term debt (within 7 years in principle) is mainly used for capital expenditure. Variable interest rate debts are exposed to the risk of interest rate fluctuations. 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 and hedging interest rate fluctuation risk related to loans. Interest rate swap transactions meet the requirements for special treatment.

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 policies.
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 and its subsidiaries hedge 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 contact periods generally not more than half year. The contracts are entered into foreign currency transactions that are certainly expected to occur as a result of scheduled transactions.
The Company and its subsidiaries enter 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 and its subsidiaries enter 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 10. "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 trade receivables for a specific large customer as of the consolidated balance sheet date.

Fair value of financial instruments

The carrying amounts recognized on the consolidated balance sheets, fair values and the differences between them at March 31, 2023 and 2022 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, 2023			March 31, 2022		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Investment securities						
i) Investments in securities	**¥ 3,776**	**¥ 3,776**	**¥ -**	¥ 3,162	¥ 3,162	¥ -
ii) Investments in stock of affiliates	**14,360**	**6,453**	**(7,907)**	12,956	7,274	(5,681)
Total assets	**¥ 18,136**	**¥ 10,229**	**¥ (7,907)**	¥ 16,119	¥ 10,437	¥ (5,681)
Long-term debt	**42,022**	**41,266**	**(755)**	34,339	34,108	(231)
Total liabilities	**¥ 42,022**	**¥ 41,266**	**¥ (755)**	¥ 34,339	¥ 34,108	¥ (231)
Derivative transactions	**¥ 27**	**¥ 27**	**¥ -**	¥ 941	¥ 941	¥ -

	Thousands of U.S. dollars (Note 1)		
	March 31, 2023		
	Carrying amount	Fair value	Difference
Investment securities			
i) Investments in securities	**$ 28,281**	**$ 28,281**	**$ -**
ii) Investments in stock of affiliates	**107,543**	**48,327**	**(59,215)**
Total assets	**$ 135,824**	**$ 76,608**	**$ (59,215)**
Long-term debt	**314,700**	**309,042**	**(5,658)**
Total liabilities	**$ 314,700**	**$ 309,042**	**$ (5,658)**
Derivative transactions	**$ 203**	**$ 203**	**$ -**

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)	
	2023		2022		**2023**	
Unlisted shares	**¥**	**182**	¥	182	**$**	**1,364**

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, 2023 and 2022 due within one year

	Millions of yen				Thousands of U.S. dollars (Note 1)	
	2023		2022		**2023**	
Cash and deposits	**¥**	**26,141**	¥	24,760	**$**	**195,772**
Trade receivables		**32,555**		31,100		**243,803**
Total	**¥**	**58,696**	¥	55,860	**$**	**439,575**

Note 4: Redemption schedules of long-term debt with maturities at March 31, 2023 and 2022

	Long-term debt					
	Millions of yen				Thousands of U.S. dollars (Note 1)	
	2023		2022		**2023**	
2023	**¥**	**14,867**	¥	2,905	**$**	**111,342**
2024		**8,667**		12,367		**64,911**
2025		**17,354**		6,167		**129,966**
2026		**15,250**		1,754		**114,206**
2027		**750**		14,050		**5,616**
2028 and thereafter		**-**		-		**-**

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. Assets applicable to finance lease assets that transfer ownership are mainly substation equipment. 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. Assets applicable to finance lease assets that do not transfer ownership are mainly LNG satellite facilities and servers.
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 disaggregates the revenue generated from the contracts with the customers
The information that disaggregates 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 after the next fiscal year from the contract existing at the end of the current 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)
	2023	2022	**2023**
Assets from contracts with customers (Balance at the beginning of the year)	¥ **31,100**	¥ 25,208	$ **232,912**
Assets from contracts with customers (Balance at the end of the year)	**32,555**	31,100	**243,803**
Contract liability (Balance at the beginning of the year)	**49**	14	**369**
Contract liability (Balance at the end of the year)	**29**	49	**221**

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 Company and its subsidiaries apply 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					
	2023			2022		
	Capacitor	Other	Consolidated	Capacitor	Other	Consolidated
Net sales:						
Sales to unaffiliated customers	¥ **155,040**	¥ **6,841**	¥ **161,881**	¥ 134,947	¥ 5,369	¥ 140,316
Intersegment sales	**-**	**0**	**0**	-	-	-
Total	¥ **155,040**	¥ **6,841**	¥ **161,881**	¥ 134,947	¥ 5,369	¥ 140,316
Segment profit (loss)	**12,043**	**896**	**12,939**	8,258	540	8,798
Other:						
Depreciation	**6,249**	**83**	**6,332**	6,192	60	6,253
Increase in fixed assets	**7,558**	**145**	**7,704**	5,537	321	5,858

	Thousands of U.S. dollars (Note 1)		
	2023		
	Capacitor	Other	Consolidated
Net sales:			
Sales to unaffiliated customers	$ **1,161,087**	$ **51,237**	$ **1,212,325**
Intersegment sales	**0**	**0**	**0**
Total	$ **1,161,087**	$ **51,237**	$ **1,212,325**
Segment profit (loss)	**90,190**	**6,715**	**96,906**
Other:			
Depreciation	**46,799**	**624**	**47,424**
Increase in fixed assets	**56,605**	**1,090**	**57,696**

Notes:
1. "Other" includes business segments other than the reportable segment such as CMOS Camera modules and Amorphous Choke Coils.
2. Total segment profit (loss) corresponds to operating profit (loss) in the consolidated statements of operations.
3. 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, 2023 and 2022 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)
	2023	2022	**2023**
Japan	¥ **31,074**	¥ 27,270	$ **232,717**
China	**51,688**	44,810	**387,090**
America	**19,302**	15,579	**144,556**
Europe	**23,143**	18,713	**173,323**
Others	**36,672**	33,942	**274,636**
Total	¥ **161,881**	¥ 140,316	$ **1,212,325**

ii) Property, plant and equipment

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	**2023**
Japan	¥ **27,679**	¥ 26,819	$ **207,287**
China	**2,639**	2,021	**19,767**
America	**2,617**	2,121	**19,599**
Europe	**2,831**	2,633	**21,206**
Others	**6,113**	5,485	**45,780**
Total	¥ **41,880**	¥ 39,081	$ **313,640**

iii) Information about major customers

Information about major customers for the years ended March 31, 2023 and 2022 are not presented as there is no customer to whom sales is over 10% in the consolidated statements of operations.

26. Other

The Company and its subsidiareis is under investigation by competition authorities in various countries regarding Electrolytic Capacitors. As the result, there is a possibility that the Company's operating results and other matters may be affected.

The company and its subsidiary, United Chemi-Con, Inc (hereinafter “the Companies”) have been subjected to civil actions by the United States District Court for the Northern District of California regarding the alleged violation of laws including U.S. antitrust laws for Electrolytic Capacitors and Film Capacitors. Although the Companies do not accept the liability of damages, the Company has settled with some of the plaintiffs who did not participate in the class plaintiffs (the Direct Purchaser Plaintiffs) as a result of comprehensive consideration of various circumstances on July 22, 2022.

Also, the Companies have been subjected to a class action lawsuit seeking damages for violations of antitrust laws in the courts of each province of Canada (Ontario, Quebec, British Columbia). Although the Companies do not accept the liability of damages, the Company has settled with all Canadian class action plaintiffs (all of the Direct and Indirect Purchaser Plaintiffs) as a result of comprehensive consideration of various circumstances on May10, 2023.

As a result, the loss on antitrust law is recorded as an extraordinary loss in the consolidated statement of operations.

27. Subsequent events

Civil actions were filed against Defendants including the Company and its subsidiary, United Chemi-con, Inc (hereinafter “the Companies”) at the United States District Court for the Northern District of California (hereinafter “the Court”), claiming recovery of damages on the ground of the alleged violation of laws including U.S. antitrust laws regarding Electrolytic Capacitors and Film Capacitors. The Companies had decided to enter into a settlement with the class plaintiffs (the Direct and Indirect Purchaser Plaintiffs) in the class action. However the civil lawsuits are ongoing against the Companies with multiple plaintiffs who do not participate in the Class Plaintiffs. In the civil lawsuits regarding Avnet, Inc., the jury of the Court issued the verdict imposing $89.2 million in damages to the Companies on May 23, 2023 (22th U.S. time),

The following judgement was issued by the Court on June 10, 2023 (9th U.S. time) in which the Companies will be responsible for payment of $150.677 million (¥21 billion). The above damages imposed by the Court are calculated by deducting the sum of the settlement amounts of the other defendants in the civil action after three times the statutory compensation calculated in subsequent judgments. Also, the amount for the fees of plaintiff's attorney to be borne by the Company will be determined in future time. We will respond appropriately to the lawsuits while considering appeals in future time.