NIPPON CHEMI-CON CORPORATION

REPORT OF CONSOLIDATED FINANCIAL STATEMENTS

As of and for the year ended
March 31, 2025

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

	Millions of yen except for per share amounts									
	2025		2024		2023		2022		2021	
Net sales	¥	122,684	¥	150,740	¥	161,881	¥	140,316	¥	110,788
Profit (loss) attributable to owners of the parent company	¥	37	¥	(21,291)	¥	2,273	¥	(12,124)	¥	2,038
Profit (loss) per share:										
Basic	¥	1.75	¥	(1,029.15)	¥	112.09	¥	(597.88)	¥	114.76
Diluted	¥	0.95	¥	-	¥	-	¥	-	¥	114.63
Net assets per share	¥	1,902.11	¥	1,776.97	¥	2,478.43	¥	2,190.33	¥	2,544.62

	Thousands of U.S. dollars except for per share amounts									
	2025		2024		2023		2022		2021	
Net sales	$	820,524	$	1,008,161	$	1.082,676	$	938,445	$	740,962
Profit (loss) attributable to owners of the parent company	$	250	$	(142,396)	$	15,202	$	(81,092)	$	13,635
Profit (loss) per share:										
Basic	$	0.01	$	(6.88)	$	0.75	$	(4.00)	$	0.77
Diluted	$	0.00	$	-	$	-	$	-	$	0.77
Net assets per share	$	12.72	$	11.88	$	16.58	$	14.65	$	17.02

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 ¥149.52 = U.S. $1, as referred to in Note 1 to the consolidated financial statements.
4. Diluted earnings per share for the fiscal years from 2022 to 2023 is not presented because dilutive stock was not existed. Additionally, diluted earnings per share for the fiscal year 2024 is not presented because of loss per share even dilutive is existed.

To Our Stakeholders

Kenichi Konno

Overview of Operating Results

The global economy for the Fiscal Year Ended March 2025 was generally on the path to recovery including firm consumer spending in the United States. On the other hand, however, the economy in Europe exhibited a slow pace of recovery primarily stemming from the lasting manufacturing slumps in Germany and other parts of the region although there were some visible signs of recovery. The Chinese economy also endured moderate deceleration against the backdrop of the continuing slump in real estate and sluggish consumer spending. Corporate manufacturing activities in Japan remained soft although the economy was taking on a slow recovery trend in general. Under the circumstances, triggered by the US Government's revised trade policy since the beginning of this year, the global economy was heading toward downside risks, which will lead to increasing uncertainty in the future.

Among the markets surrounding the Nippon Chemi-Con Group, the ICT related markets continued to see strong demand of servers, including generative AI servers, due to growing investments mainly by major IT corporations in the United States to build up their data centers. Meanwhile, demand from the automotive market remained weak in general due to decelerated growth in the global EV markets, followed by automakers' backward revisions, one after another, of their EV strategies, and impact from their adjustment of components inventory. Industrial equipment markets still remained in the adverse environments due to the lasting inventory adjustment stemming from shrinking mindset of corporations for capital investment amid business uncertainties including the sluggish Chinese economy.

Under the business environments, the Our Group deployed its strategy into the automotive electronics market, industrial equipment markets, and ICT market that are expected to be promising and accordingly engaged in the proactive promotion and sales of hybrid capacitors and other high value-added products. We also set up a new sales base in India, which started substantial operation in December 2024. In manufacturing, we built up a new wing to produce hybrid capacitors at the existing Chemi-Con East Japan Corp. Miyagi Plant. The new lines started production in October 2024. In addition, we continued to expand smart factory systems by, for example, introducing partial automation to product and material quality control processes to reduce human errors that may affect quality.

Our product development during the current fiscal year includes the development of a new type of aluminum electrolytic capacitors for the first time in the industry. The new capacitors can be applied in immersion-cooled AI servers, which will be increasingly common in data centers in the near future because AI servers radiate large quantities of heat. Moreover, we succeeded in developing conductive polymer aluminum solid capacitor "PXY Series" products that will deter the post-reflow leakage current within a reliable range of values for the first time in the industry. Our efforts also led to adding large-sized items to conductive polymer hybrid aluminum electrolytic capacitor "HXK Series" products.

As a result of our efforts mentioned above, consolidated operating results for the current fiscal year were net sales of 122,684 million yen (down 18.6% YoY), operating income of 3,740 million yen (down 60.3% YoY), ordinary income of 1,568 million yen (down 80.2% YoY), and net income of 37 million yen for attributable to owners of parent (net losses of 21,291 million yen net income attributable to owners of parent for the previous fiscal year).

Under the harsh business environments, when future market trends are taken into consideration, it is with sincere regret that we have decided to forego issuing a year-end dividend on common share for the current fiscal year. We offer our deepest apologies to our shareholders.

Operating Results by Division

The following are status by division in our operation for the fiscal year:

1. Capacitors (112,319 million yen, 91.6% of total sales)
Net sales of this division decreased by 20.4% YoY due mainly to decreased demand for industrial equipment.

2. Mechanical Parts and Other Parts (3,441 million yen, 2.8% of total sales)
Net sales of this division decreased by 1.7% YoY due mainly to decreased demand for inductors (coils)

3. Capacitor Materials (5,703 million yen, 4.6% of total sales)
Net sales of this division increased by 23.6% YoY due mainly to increased demand for electrode foils used in aluminum electrolytic capacitors.

4. Other Products (1,220 million yen, 1.0% of total sales)
Net sales of this division decreased by 20.8% YoY due mainly to decreased demand for resale products.

Outlooks for the Next Fiscal Year

Regarding outlooks for the future, the business environments surrounding the Our Group continue to be unpredictable under downward pressure on the global economy, which is chiefly stemming from the US Government's tariff imposition measures including reciprocal tariffs and mounting geopolitical risks in the Middle-East and Ukraine.

Under the circumstances, Nippon Chemi-Con is determined to steadily implement priority measures detailed in the 10th Medium-term Management Plan. In marketing, we will continue to promote and sell products in our three strategic markets, namely the automotive electronics market, industrial equipment markets and ICT market. Meanwhile, we foresee substantial recovery in the automotive electronics market and industrial equipment markets from the second half or later of 2025. Thus, we are more focusing on the ICT market because it is expected to have stable expansion. In manufacturing, centering on our high value-added products, we are going to establish optimum-location production and prepare for growing country risks by, for example, reinforcing our production capacities and transferring some manufacturing facilities.

July 11, 2025

Kenichi Konno

Kenichi Konno
President

NIPPON CHEMI-CON CORPORATION and its consolidated subsidiaries

Consolidated Balance Sheet
As of March 31, 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
Assets	**2025**	2024	**2025**
Current assets:			
Cash and deposits (Note 7)	¥ **23,870**	¥ 45,300	$ **159,647**
Notes and accounts receivable-trade (Note 8)	**23,716**	25,853	**158,619**
Inventories (Note 9)	**33,082**	29,154	**221,258**
Accounts receivable-other	**5,247**	3,714	**35,097**
Other current assets	**756**	849	**5,058**
Less allowance for doubtful accounts	**(53)**	(58)	**(359)**
Total current assets	**86,620**	104,815	**579,321**
Fixed assets:			
Property, plant and equipment:			
Buildings and structures	**51,084**	45,276	**341,657**
Machinery, equipment and others	**160,719**	158,800	**1,074,903**
Land	**6,954**	6,966	**46,509**
Lease assets	**1,128**	1,607	**7,545**
Right-of-use assets	**5,255**	5,225	**35,147**
Construction in progress	**4,194**	8,470	**28,050**
Sub total	**229,335**	226,347	**1,533,813**
Less accumulated depreciation	**(181,005)**	(178,563)	**(1,210,576)**
Property, plant and equipment, net	**48,330**	47,784	**323,236**
Intangible fixed assets	**2,308**	2,339	**15,440**
Investments and other assets :			
Investment securities (Notes 16 and 17)	**15,007**	14,649	**100,373**
Net defined benefit asset	**6,649**	643	**44,473**
Deferred tax assets (Note 11)	**1,668**	1,307	**11,158**
Other	**2,135**	1,400	**14,282**
Less allowance for doubtful accounts	**(18)**	(17)	**(121)**
Total investments and other assets	**25,443**	17,982	**170,166**
Total fixed assets	**76,082**	68,106	**508,843**
Total assets	¥ **162,702**	¥ 172,921	$ **1,088,164**

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

NIPPON CHEMI-CON CORPORATION and its consolidated subsidiaries

Consolidated Balance Sheet
As of March 31, 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
Liabilities and Net Assets	**2025**	2024	**2025**
Current liabilities:			
Notes and accounts payable-trade	**¥ 7,335**	¥ 7,143	**$ 49,060**
Electronically recorded obligations	**5,748**	6,453	**38,447**
Short-term debt (Note 10)	**36,736**	46,560	**245,696**
Lease obligations (Short-term)	**637**	810	**4,262**
Accounts payable-other	**5,089**	7,501	**34,040**
Income taxes payable	**648**	1,161	**4,339**
Accrued expenses	**1,996**	2,254	**13,351**
Bonus reserve	**1,109**	1,231	**7,419**
Notes payable-equipment	**146**	181	**978**
Other current liabilities	**1,183**	1,719	**7,912**
Total current liabilities	**60,631**	75,017	**405,509**
Long-term liabilities:			
Long-term debt (Note 10)	**38,100**	38,904	**254,815**
Lease obligations (Long-term)	**2,765**	3,120	**18,498**
Deferred tax liabilities (Note 11)	**576**	233	**3,858**
Net defined benefit liability (Note 13)	**2,813**	-	**18,816**
Other long-term liabilities	**1,147**	2,034	**7,671**
Total long-term liabilities	**45,403**	44,293	**303,659**
Total liabilities	**106,034**	119,310	**709,168**
Net assets:			
Shareholders' equity			
Capital stock Authorized 55,000,000 shares in 2025 and 55,000,000 shares in 2024 issued and outstanding, 21,954,933 shares in 2025 and 21,954,933 in 2024	**5,452**	5,452	**36,467**
Capital surplus	**57,343**	57,487	**383,514**
Retained earnings	**(26,681)**	(26,702)	**(178,444)**
Treasury shares (Note 15)	**(961)**	(917)	**(6,428)**
Total shareholders' equity	**35,153**	35,320	**235,108**
Accumulated other comprehensive income			
Net unrealized gains on securities	**(121)**	(8)	**(811)**
Foreign currency translation adjustments	**12,599**	11,790	**84,266**
Remeasurements of defined benefit plans	**8,486**	5,994	**56,760**
Total accumulated other comprehensive income	**20,965**	17,777	**140,216**
Non-controlling interests	**548**	513	**3,671**
Total net assets	**56,667**	53,610	**378,995**
Total liabilities and net assets	**¥ 162,702**	¥ 172,921	**$ 1,088,164**

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

NIPPON CHEMI-CON CORPORATION and its consolidated subsidiaries

Consolidated Statement of Operations
For the year ended March 31,2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	**2025**
Net sales	¥ **122,684**	¥ 150,740	$ **820,524**
Cost of sales	**98,955**	118,875	**661,818**
Gross profit	**23,729**	31,865	**158,705**
Selling, general and administrative expenses (Notes 17 and 18)	**19,989**	22,442	**133,688**
Operating income	**3,740**	9,422	**25,017**
Non-operating income:			
Interest income	**177**	140	**1,190**
Dividend income	**1**	82	**12**
Foreign exchange gains	**-**	85	**-**
Equity in earnings of affiliated companies	**833**	508	**5,572**
Other	**41**	77	**277**
Total non-operating income	**1,054**	893	**7,053**
Non-operating expenses:			
Interest expenses	**1,526**	1,472	**10,210**
Financing expenses	**855**	687	**5,719**
Foreign exchange losses	**667**	-	**4,464**
Other	**177**	242	**1,186**
Total non-operating expenses	**3,226**	2,401	**21,580**
Ordinary income	**1,568**	7,913	**10,490**
Extraordinary income:			
Gain on sales of property, plant and equipment (Note 20)	**7**	4	**51**
Gain on sales of investment securities (Note 20)	**-**	2,686	**-**
Total extraordinary income	**7**	2,691	**51**
Extraordinary loss:			
Loss on disposal of property, plant and equipment (Note 21)	**38**	43	**254**
Loss on antitrust law (Note 28 (1))	**973**	29,604	**6,511**
Total extraordinary loss	**1,011**	29,647	**6,766**
Profit (loss) before income taxes	**564**	(19,041)	**3,775**
Income taxes (Note 11):			
Current	**520**	2,209	**3,480**
Deferred	**(21)**	9	**(143)**
	498	2,219	**3,336**
Profit (loss)	**65**	(21,261)	**438**
Profit (loss) attributable to non-controlling interests	**28**	29	**188**
Profit (loss) attributable to owners of parent	¥ **37**	¥ (21,291)	$ **250**

Profit (loss) per share:	Yen		U.S. dollars (Note 1)
	2025	2024	**2025**
Basic	¥ **1.75**	¥ (1,029.15)	$ **0.01**
Diluted	**0.95**	-	**0.00**

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

NIPPON CHEMI-CON CORPORATION and its consolidated subsidiaries

Consolidated Statement of Comprehensive Income
For the year ended March 31, 2025

	Millions of yen				Thousands of U.S. dollars (Note 1)	
	2025		2024		**2025**	
Profit (loss)	**¥**	**65**	¥	(21,261)	**$**	**438**
Other comprehensive income						
Net unrealized holding gains on securities		**-**		(1,308)		**-**
Foreign currency translation adjustments		**508**		4,518		**3,401**
Remeasurements of defined benefit plans		**2,500**		4,395		**16,724**
Share in other comprehensive income of affiliated companies accounted for using the equity method		**185**		(10)		**1,243**
Total other comprehensive income (Note 22)		**3,195**		7,594		**21,370**
Comprehensive income	**¥**	**3,260**	¥	(13,667)	**$**	**21,808**
Attributable to:						
Owners of parent		**3,225**		(13,758)		**21,571**
Non-controlling interests		**35**		91		**236**

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

NIPPON CHEMI-CON CORPORATION and its consolidated subsidiaries

Consolidated Statement of Changes in Net Assets
For the year ended March 31, 2025

	Shareholders' equity (Note 15,23,24) Millions of yen				
	Capital Stock	Capital surplus	Retained earnings	Treasury shares (Note 15)	Total shareholders' equity
Balance at April 1, 2024	¥ 5,452	¥ 57,487	¥ (26,702)	¥ (917)	¥ 35,320
Changes of items during year					
Dividends of surplus		(144)	(15)		(159)
Profit (loss) attributable to owners of parent			37		37
Purchase of treasury shares				(1)	(1)
Share of parent company held by equity method affiliated company				(42)	(42)
Net changes of items other than shareholders' equity					
Total changes of items during year	-	(144)	21	(44)	(166)
Balance as of March 31, 2025	¥ 5,452	57,343	¥ (26,681)	¥ (961)	¥ (35,153)

	Accumulated other comprehensive income (Note 22) 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, 2024	¥ (8)	¥ 11,790	¥ 5,994	¥ 17,777	¥ 513	¥ 53,610
Changes of items during year						
Dividends of surplus						(159)
Profit (loss) attributable to owners of parent						37
Purchase of treasury shares						(1)
Share of parent company held by equity method affiliated company						(42)
Net changes of items other than shareholders' equity	(112)	808	2,492	3,188	35	3,223
Total changes of items during year	(112)	808	2,492	3,188	35	3,056
Balance as of March 31, 2025	¥ (121)	¥ 12,599	¥ 8,486	¥ 20,965	¥ 548	¥ 56,667

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

NIPPON CHEMI-CON CORPORATION and its consolidated subsidiaries

Consolidated Statement of Changes in Net Assets
For the year ended March 31, 2025

	Shareholders' equity (Note 15,23,24) Thousands of U.S. dollars (Note 1)				
	Capital Stock	Capital Surplus	Retained earnings	Treasury shares (Note 15)	Total shareholders' equity
Balance at April 1, 2024	$ 36,467	$ 384,479	$ (178,589)	$ (6,133)	$ 236,223
Changes of items during year					
Dividends of surplus		(964)	(105)		(1,069)
Profit (loss) attributable to owners of parent			250		250
Purchase of treasury shares				(13)	(13)
Share of parent company held by equity method affiliated company				(281)	(281)
Total changes of items during year	-	(964)	145	(294)	(1,114)
Balance as of March 31, 2025	$ 36,367	$ 383,514	$ (178,444)	$ (6,428)	$ 235,108

	Accumulated other comprehensive income (Note 22) 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, 2024	$ (57)	$ 78,858	$ 40,093	$ 118,894	$ 3,434	$ 358,551
Changes of items during year						
Dividends of surplus						(1,069)
Profit (loss) attributable to owners of parent						250
Purchase of treasury shares						(13)
Share of parent company held by equity method affiliated company						(281)
Net changes of items other than shareholders' equity	(753)	5,408	16,666	21,321	236	21,558
Total changes of items during year	(753)	5,408	16,666	21,321	236	20,444
Balance as of March 31, 2025	$ (811)	$ 84,266	$ 56,760	$ 140,216	$ 3,671	$ 378,995

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, 2025

	Shareholders' equity (Note 15,23,24) Millions of yen				
	Capital Stock	Capital surplus	Retained earnings	Treasury shares (Note 15)	Total shareholders' equity
Balance at April 1, 2023	¥ 24,310	¥ 21,224	¥ (5,411)	¥ (110)	¥ 40,012
Changes of items during year					
Issuance of new shares	8,702	8,702			17,405
Transfer from capital stock to capital surplus	(27,560)	27,560			-
Profit (loss) attributable to owners of parent			(21,291)		(21,291)
Purchase of treasury shares				(2)	(2)
Share of parent company held by equity method affiliated company				(803)	(803)
Net changes of items other than shareholders' equity					
Total changes of items during year	(18,858)	36,263	(21,291)	(806)	(4,692)
Balance as of March 31, 2024	¥ 5,452	57,487	¥ (26,702)	¥ (917)	¥ 35,320

	Accumulated other comprehensive income (Note 22) 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, 2023	¥ 1,314	¥ 7,322	¥ 1,607	¥ 10,244	¥ 421	¥ 50,678
Changes of items during year						
Issuance of new shares						17,405
Transfer from capital stock to capital surplus						-
Profit (loss) attributable to owners of parent						(21,291)
Purchase of treasury shares						(2)
Share of parent company held by equity method affiliated company						(803)
Net changes of items other than shareholders' equity	(1,323)	4,468	4,387	7,532	91	7,623
Total changes of items during year	(1,323)	4,468	4,387	7,532	91	2.931
Balance as of March 31, 2024	¥ (8)	¥ 11,790	¥ 5,994	¥ 17,777	¥ 513	¥ 53,610

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

Consolidated Statement of Cash Flows
For the year ended March 31, 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	**2025**
Cash flows from operating activities:			
Profit (loss) before income taxes	**¥ 564**	¥ (19,041)	**$ 3,775**
Depreciation and amortization	**7,089**	6,762	**47,415**
Loss on antitrust laws	**973**	29,604	**6,511**
(Decrease) increase in net defined benefit liability	**(646)**	(416)	**(4,327)**
(Decrease) increase in allowance for doubtful accounts	**(2)**	(9)	**(16)**
Interest and dividend income	**(179)**	(222)	**(1,203)**
Interest expenses	**1,526**	1,472	**10,210**
Foreign exchange loss (gain)	**23**	(72)	**160**
Equity in earnings of affiliated companies	**(833)**	(508)	**(5,572)**
Loss (gain) on disposal of property, plant and equipment, net	**30**	38	**202**
Loss (gain) on sale of investment securities	**-**	(2,686)	**-**
(Increase) decrease in notes and accounts receivable	**2,724**	8,425	**18,223**
(Increase) decrease in inventories	**(3,773)**	6,065	**(25,235)**
(Decrease) increase in notes and accounts payable	**(1,046)**	(5,802)	**(6,999)**
(Decrease) increase in accounts payable – other	**(586)**	(1,368)	**(3,924)**
Other	**(2,663)**	1,093	**(17,816)**
Sub total	**3,200**	23,332	**21,406**
Interest and dividends received	**408**	426	**2,732**
Interest paid	**(1,565)**	(1,452)	**(10,472)**
Income taxes paid	**(1,173)**	(2,358)	**(7,847)**
Payments related to antitrust laws	**(1,363)**	(32,907)	**(9,119)**
Net cash provided by (used in) operating activities	**(493)**	(12,959)	**(3,300)**
Cash flows from investing activities:			
Purchase of property, plant and equipment	**(9,325)**	(8,911)	**(62,372)**
Purchase of intangible fixed assets	**(372)**	(553)	**(2,490)**
Proceeds from sale of investment securities	**-**	4,576	**-**
Other	**(55)**	71	**(374)**
Net cash provided by (used in) investing activities	**(9,754)**	(4,817)	**(65,236)**
Cash flows from financing activities:			
Net increase (decrease) in short-term debt	**(19,555)**	28,791	**(130,787)**
Proceeds from long-term debt	**18,200**	5,550	**121,722**
Repayments of long-term debt	**(9,217)**	(14,867)	**(61,647)**
Proceeds from issuance of shares	**-**	17,405	**-**
Repayments of lease obligations	**(896)**	(1,205)	**(5,994)**
Purchase of treasury shares	**(1)**	(2)	**(13)**
Repayments of installment payables	**(299)**	(249)	**(2,005)**
Dividends of surplus	**(144)**	-	**(964)**
Dividends of surplus to minority shareholders	**(15)**	-	**(105)**
Net cash provided by (used in) financing activities	**(11,931)**	35,421	**(79,795)**
Effect of exchange rate changes on cash and cash equivalents	**748**	1,514	**5,003**
Net increase (decrease) in cash and cash equivalents	**(21,430)**	19,159	**(143,329)**
Cash and cash equivalents at beginning of year	**45,295**	26,135	**302,939**
Cash and cash equivalents at end of year (Note 7)	**¥ 23,864**	¥ 45,295	**$ 159,610**

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 ¥149.52 = U.S. $1, the rate of exchange on March 31, 2025 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:

	2025
Consolidated subsidiaries	**19**
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 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 Japanese Group Relief 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

1) 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)	
	2025		2024		**2025**	
Basic profit (loss) per share	¥	**1.75**	¥	(1,029.15)	$	**0.01**
Net assets per share	¥	**1,902.11**	¥	1,776.97	$	**12.72**
Diluted profit per share	¥	**0.95**	¥	-	$	**0.00**

Diluted earnings per share for the fiscal year 2024 is not presented because of loss per share even dilutive is existed.

2) Basic profit (loss) per share and diluted profit per share are as below

	Millions of yen				Thousands of U.S. dollars (Note 1)	
	2025		2024		**2025**	
Basic profit (loss) per share						
Profit (loss) attributable to owners of parent	¥	**37**	¥	(21,291)	$	**250**
Amount non-attributable to common shareholders		**-**		-		
(Within preferred dividends)		**(-)**		(-)		**(-)**

Profit (loss) attributable to owners of parent for common shareholders		**37**		(21,291)		**250.30**
The average number of shares outstanding during the period (Thousands of number shares)		**21,350**		20,688		**21,350**
Diluted profit per share						
Profit attributable to owners of parent	¥	**-**	¥	-	$	**-**
Amount non-attributable to common shareholders		**-**		-		
(Within preferred dividends)		**(-)**		(-)		**(-)**
The increase number of shares outstanding during the period (Thousands of number shares)		**18,246**		-		**18,246**
(Within classified stock (Thousands of number shares))		**(18,246)**		(-)		**(18,246)**
Descriptions of potentially dilutive common shares that were not included in the computation of diluted net income per share because of their anti-dilutive effect		**-**		-		**-**

Because the funding of preferred dividend for the current consolidated fiscal year to preferred owners is capital surplus, the preferred dividend was not deducted from profit (loss) attributable to owners of parent.

3) Net asset per share are as below

		Millions of yen				Thousands of U.S. dollars (Note 1)
		2025		2024		**2025**
Net asset	¥	**56,667**	¥	53,610	$	**378,995**
Deduction from net asset		**16,098**		15,657		**107,670**
(Within paid preferred share)		**(15,000)**		(15,000)		**(100,321)**
(Within preferred dividends)		**(550)**		(144)		**(3,678)**
(Within non-controlling interests)		**(548)**		(513)		**(3,671)**
Amount attributable to common share		**40,568**		37,952		**271,325**
The number of shares at end of year to use as computation (Thousands of number shares)		**21,328**		21,358		**21,328**

(13) Research and Development Expense and Computer Software

Research and development expense are 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 of deferred tax assets presented on the consolidated balance sheet at March 31, 2024 and 2025 is ¥1,307 million and ¥1,668 million (US 11,158 thousands), respectively.
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. Changes in accounting policies

(1) Application of Practical Solution on the "Accounting for Disclosure of Current Taxes Related to the Global Minimum Tax Rules" (ABBJ Practical Solution No. 46, March 22, 2024).

Effective from the beginning of the current fiscal year, the Company has applied the "Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules". (ABBJ Practical Solution No. 46, March 22, 2024)
The effect of this change in accounting policy is immaterial on the consolidated financial statements.

(2) Application of "Accounting Standards for Current Income Taxes, etc."

Accounting Standards for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022) (hereinafter referred to as "Revised Accounting Standard 2022"), etc. have been applied from the beginning of the current fiscal year. The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment stipulated in the proviso of paragraph 20-3 of the revised Accounting Standard 2022 and the transitional treatment stipulated in the proviso of the paragraph 65-2(2)(ii) of Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022) (hereinafter referred to as "Revised Guidance 2022").
In addition, for the amendment to changes in accounting treatment of the consolidated financial statements, when gains or losses on sale of shares in subsidiaries resulting from transactions between the consolidated companies were deferred for tax purposes, the Revised Implementation Guidance 2022 has been adopted from the beginning of the year ended March 31, 2025.The change in accounting policy has been applied retrospectively, and the consolidated financial statements for the previous fiscal year have been prepared on a retrospective basis. This change in accounting policy has no impact on the consolidated financial statements for the year ended March 31, 2024.

4. Unapplied accounting standards

"Accounting Standards for Leases"(ASBJ Statement No. 34, September 13, 2024)
" Implementation Guidance on Accounting Standard for Leases"(ASBJ Guidance No.33, September 13, 2024)

(1) Overview

The standard establishes the treatment of all leases including the recognition of assets and liabilities for all leases by lessees, same as international accounting standards.

(2) Scheduled application date

It will be applied from the beginning of the fiscal year ending March 2028

(3) Impact of the application of the accounting standards, etc.

The impact on the consolidated financial statement of the application of the Accounting Standards for Leases is currently being evaluated.

5. Changes in presentation

"Proceeds from sales of property, plant and equipment", "Payment of loans receivable" and "Collections of loans receivable" under "Cash flows from investing activities" which were presented separately in the previous consolidated fiscal year, are now included in "other" from the current consolidated fiscal year under review due to their decreased importance in terms of amount.

As a result, in the consolidated statement of cash flows for the previous year, "Proceeds from sales of property, plant and equipment" of ¥5 million、"Payment of loans receivable" of ¥5 million and "Collections of loans receivable" of ¥9 million have been reclassified as "other".

6. Additional Information

Singapore Chemi-Con (Pte) Ltd. (hereafter "SCC"), as NCC subsidiary, has been facing a lawsuit concerning its sales of components to Dyson Manufacturing Sdn. Bhd. (hereafter "Dyson") who went to law for damages in December 2024 to the Singapore International Commercial Court (SICC). Dyson is claiming damages of 145,544,762 British pounds against SCC. However, SCC regards Dyson's allegation is unreasonable and SCC is determined to assert its legitimate position in court by proving that it assumes no legal liability against the allegation.

7. Cash and Cash Equivalents

Reconciliation of cash and cash equivalents to the amount presented on the consolidated balance sheet at March 31, 2025 and 2024 is as follows:

	Millions of yen				Thousands of U.S. dollars (Note 1)	
	2025		2024		**2025**	
Cash and deposits	¥	**23,870**	¥	45,300	$	**159,647**
Time deposits with a deposit term of over 3 months		**(5)**		(5)		**(37)**
Cash and cash equivalents	¥	**23,864**	¥	45,295	$	**159,610**

8. Notes and accounts receivable-trade

	Millions of yen				Thousands of U.S. dollars (Note 1)	
	2025		2024		**2025**	
Notes receivable-trade	¥	**1,770**	¥	1,105	$	**11,842**
Accounts receivable-trade		**21,946**		24,747		**146,776**
Notes and accounts receivable-trade	¥	**23,716**	¥	25,853	$	**158,619**

9. Inventories

Inventories at March 31, 2025 and 2024 comprised of the following:

	Millions of yen				Thousands of U.S. dollars (Note 1)	
	2025		2024		**2025**	
Finished goods and merchandise	¥	**12,807**	¥	11,186	$	**85,658**
Work-in-process		**14,105**		11,731		**94,338**
Raw materials and supplies		**6,169**		6,236		**41,261**
Total	¥	**33,082**	¥	29,154	$	**221,258**

10. Short-Term and Long-Term Debt

The weighted average interest rates applicable to loans for the years ended March 31, 2025 and 2024 are 1.76% and 1.92%, respectively.

Short-term debt at March 31, 2025 and 2024 comprised of the following:

	Millions of yen				Thousands of U.S. dollars (Note 1)	
	2025		2024		**2025**	
Bank loans and overdrafts	**¥**	**18,282**	¥	37,893	**$**	**122,272**
Current portion of long-term debt		**18,454**		8,667		**123,424**
Current lease obligations		**637**		810		**4,262**
Total	**¥**	**37,373**	¥	47,370	**$**	**249,958**

Long-term debt at March 31, 2025 and 2024 comprised of the following:

	Millions of yen				Thousands of U.S. dollars (Note 1)	
	2025		2024		**2025**	
Loans:						
Loans, principally from banks and insurance companies due from 2025 to 2029 with interest rates ranging from 0.80% to 6.09%	**¥**	**56,554**	¥	47,572	**$**	**378,239**
		56,554		47,572		**378,239**
Less: current portion		**(18,454)**		(8,667)		**(123,424)**
Lease obligations (Long-term)						
Lease, principally due from 2024 to 2045		**2,765**		3,120		**18,498**
Total	**¥**	**40,865**	¥	42,024	**$**	**273,313**

Note: (1) 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.

(2) Here is the 5years redemption schedule after consolidated closing day.

	Lease obligations (Long-term)					
	Millions of yen				Thousands of U.S. dollars (Note 1)	
	2025		2024		**2025**	
2026	**¥**	**346**	¥	512	**$**	**2,315**
2027		**283**		299		**1,896**
2028		**257**		248		**1,723**
2029		**239**		234		**1,600**

11. 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, 2025.

Significant components of deferred tax assets and liabilities as at March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	**2025**
Deferred tax assets:			
Net defined benefit liability	**¥ 507**	¥ 726	**$ 3,394**
Bonus reserve	**303**	296	**2,028**
Tax loss carryforwards	**12,068**	11,531	**80,714**
Loss on devaluation of inventories	**95**	153	**635**
Accrued expenses	**153**	231	**1,029**
Unrealized gain on inventories	**111**	210	**746**
Accounts payable-other	**32**	82	**218**
Other	**877**	568	**5,870**
Total gross deferred tax assets	**14,150**	13,800	**94,638**
Valuation allowance for tax loss carryforwards	**(11,384)**	(10,814)	**(76,140)**
Valuation allowance for total deductible temporary differences	**(164)**	(475)	**(1,102)**
Subtotal of valuation allowance	**(11,549)**	(11,290)	**(77,243)**
Total deferred tax assets	**2,600**	2,510	**17,395**
Deferred tax liabilities:			
Depreciation recorded by foreign subsidiaries	**(312)**	(269)	**(2,088)**
Undistributed earnings of foreign subsidiaries	**(1,191)**	(1,162)	**(7,970)**
Other	**(5)**	(4)	**(35)**
Total deferred tax liabilities	**(1,509)**	(1,436)	**(10,094)**
Net deferred tax assets	**¥ 1,091**	¥ 1,073	**$ 7,300**

Notes: 1. Valuation allowance increased by ¥259 million ($1,733 thousands) from the previous fiscal year. The main reason for the change is an increase in valuation allowance for tax loss carryforwards of ¥569 million ($3,811 thousands).

2. Amounts of tax loss carryforward and related deferred tax assets by expiry date as of March 31, 2025 and 2024 are as follows:

	Millions of yen						
	2025						
	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	**¥ -**	**¥ -**	**¥ -**	**¥ 454**	**¥ 299**	**¥ 11,314**	**¥ 12,068**
Valuation allowance	**¥ -**	**¥ -**	**¥ -**	**¥ 454**	**¥ 162**	**¥ 10,767**	**¥ 11,384**
Deferred tax assets(*)	**¥ -**	**¥ -**	**¥ -**	**¥ -**	**¥ 136**	**¥ 547**	**¥ 683**

	Thousands of U.S. dollars (Note 1)						
	2025						
	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	**$ -**	**$ -**	**$ -**	**$ 3,042**	**$ 2,001**	**$ 75,670**	**$ 80,714**
Valuation allowance	**$ -**	**$ -**	**$ -**	**$ 3,042**	**$ 1,085**	**$ 72,012**	**$ 76,140**
Deferred tax assets(*)	**$ -**	**$ -**	**$ -**	**$ -**	**$ 915**	**$ 3,658**	**$ 4,573**

	Millions of yen						
	2024						
	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	¥ -	¥ 60	¥ -	¥ -	¥ 496	¥ 10,974	¥ 11,531
Valuation allowance	¥ -	¥ 60	¥ -	¥ -	¥ 454	¥ 10,299	¥ 10,814
Deferred tax assets(*)	¥ -	¥ -	¥ -	¥ -	¥ 41	¥ 675	¥ 717

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

For the year ended March 31, 2025, the reconciliation between the statutory tax rate and the effective income tax rate is as follows:

	2025	2024
Statutory tax rate	30.62 **%**	- %
Increase (decrease) in taxes resulting from:		
Expenses not deductible for income tax purposes	10.61	-
Capital levy on inhabitant tax	8.27	-
Overseas withholding taxes	11.93	-
Nontaxable dividend income	(42.70)	-
Change in the valuation allowance	128.15	-
Difference in foreign subsidiaries’ tax rates	(13.81)	-
Effect of eliminated dividend income	(53.90)	-
Other	9.21	-
Effective income tax rate	88.38 **%**	- %

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 years ended March 31, 2024 had been omitted.

Adjustment of deferred tax assets and deferred tax liabilities due to changes in income tax rates

The “Special Defense Corporation Tax” will be imposed for consolidated fiscal years beginning on or after April 1, 2026 with the enactment of the "Act on Partial Revision of the Income Tax Act.” (Act No. 13 of 2025) by the Diet on March 31, 2025. As a result, the effective statutory tax rate was changed from 30.62% to 31.52% for the calculation of deferred tax assets and deferred tax liabilities related to temporary differences expected to be eliminated in the consolidated fiscal year beginning April 1, 2026 and thereafter. As a result of this change, the amounts of deferred tax assets and deferred tax liabilities increased by 355 million yen and 7 million yen, respectively, in the consolidated fiscal year. The entire amount of the deferred tax assets was offset by the valuation allowance, and income taxes-deferred (credit) decreased by 7 million yen in the consolidated fiscal year.

12. 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			
	2025			
	Level 1	Level 2	Level 3	Total
Derivative transactions				
Currency-related transactions	-	**28**	-	**28**
Total	¥ -	¥ **28**	¥ -	¥ **28**

	Thousands of U.S. dollars (Note 1)			
	2025			
	Level 1	Level 2	Level 3	Total
Derivative transactions				
Currency-related transactions	-	**188**	-	**188**
Total	$ -	$ **188**	$ -	$ **188**

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

	Millions of yen			
	2025			
	Level 1	Level 2	Level 3	Total
Investments in securities				
Investments in stock of affiliates	¥ **6,813**	¥ -	¥ -	¥ **6,813**
Total assets	**6,813**	-	-	**6,813**
Long-term debt	-	**34,504**	-	**34,504**
Total liabilities	¥ -	¥ **34,504**	¥ -	¥ **34,504**

	Thousands of U.S. dollars (Note 1)			
	2025			
	Level 1	Level 2	Level 3	Total
Investments in securities				
Investments in stock of affiliates	$ **45,571**	$ -	$ -	$ **45,571**
Total assets	**45,571**	-	-	**45,571**
Long-term debt	-	**230,766**	-	**230,766**
Total liabilities	$ -	$ **230,766**	$ -	$ **230,766**

	Millions of yen			
	2024			
	Level 1	Level 2	Level 3	Total
Derivative transactions				
Currency-related transactions	**-**	**32**	**-**	**32**
Total	**¥ -**	**¥ 32**	**¥ -**	**¥ 32**

	Millions of yen			
	2024			
	Level 1	Level 2	Level 3	Total
Investments in securities				
Investments in stock of affiliates	**¥ 7,161**	**¥ -**	**¥ -**	**¥ 7,161**
Total assets	**7,161**	**-**	**-**	**7,161**
Long-term debt	**-**	**38,175**	**-**	**38,175**
Total liabilities	**¥ -**	**¥ 38,175**	**¥ -**	**¥ 38,175**

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.

13. 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, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	**2025**
Balance at the beginning of the year	**¥ 22,680**	¥ 25,064	**$ 151,688**
Service cost	**831**	941	**5,560**
Interest cost	**367**	190	**2,454**
Actuarial loss	**(1,486)**	(2,248)	**(9,941)**
Retirement benefit paid	**(1,452)**	(1,490)	**(9,711)**
Other	**(74)**	223	**(497)**
Balance at the end of the year	**¥ 20,865**	¥ 22,680	**$ 139,552**

The changes in the plan assets for the years ended March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	**2025**
Balance at the beginning of the year	**¥ 23,323**	¥ 21,279	**$ 155,990**
Expected return on plan assets	**297**	271	**1,987**
Actuarial loss	**1,423**	2,058	**9,521**
Contributions by the company	**345**	344	**2,308**
Retirement benefit paid	**(691)**	(690)	**(4,624)**
Other	**4**	60	**26**
Balance at the end of the year	**¥ 24,702**	¥ 23,323	**$ 165,210**

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, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	**2025**
Funded defined benefit obligations	**¥ 13,597**	¥ 14,954	**$ 90,941**
Pension assets	**(24,702)**	(23,323)	**(165,210)**
	(11,104)	(8,369)	**(74,269)**
Unfunded defined benefit obligations	**7,268**	7,726	**48,611**
Net amount of liabilities and assets in consolidated balance sheet	**(3,836)**	(643)	**(25,657)**
Defined benefit liability	**2,813**	-	**18,816**
Defined benefit Asset	**(6,649)**	(643)	**(44,473)**
Net amount of liabilities and assets in consolidated balance sheet	**¥ (3,836)**	¥ (643)	**$ (25,657)**

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, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	**2025**
Service cost	**¥ 831**	¥ 941	**$ 5,560**
Interest cost	**367**	190	**2,454**
Expected return on plan assets	**(297)**	(271)	**(1,987)**
Amortization of unrecognized actuarial loss	**(392)**	75	**(2,622)**
Amortization of prior service cost	**13**	13	**89**
Other	**4**	-	**32**
Retirement benefit expense	**¥ 527**	¥ 950	**$ 3,527**

The breakdown of items in other comprehensive income before tax effect for the years ended March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	**2025**
Actuarial loss	**¥ (2,518)**	¥ (4,383)	**$ (16,840)**
Prior service cost	**(13)**	(13)	**(89)**
Total	**¥ (2,531)**	¥ (4,397)	**$ (16,930)**

The breakdown of items in accumulated other comprehensive income before tax effect as of March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	**2025**
Unrecognized actuarial loss	**¥ (8,572)**	¥ (6,039)	**$ (57,332)**
Unrecognized prior service cost	**40**	53	**271**
Total	**¥ (8,531)**	¥ (5,985)	**$ (57,061)**

The breakdown of pension assets by major category as of March 31, 2025 and 2024 are as follows:

	2025	2024
Equity securities	**48%**	48%
General account	**18%**	18%
Alternatives	**10%**	10%
Bonds	**20%**	22%
Other	**4%**	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 24% of the total as of March 31, 2025 and 18% as of March 31, 2024.

The setting method of Expected rate of long-term return on plan assets.

The current and projected pension asset allocation and the current and expected long-term rate of return from the various assets that consist the pension assets is considered to decide expected rate of long-term return on plan assets of pension assets.

The items of actuarial assumptions as of March 31, 2025 and 2024 are as follows (The discount rate is shown as weighted average.):

	2025	2024
Discount rate	**1.9%**	1.2%
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, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	**2025**
Defined contribution pension plans	**¥ 162**	¥ 220	**$ 1,084**

14. 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, 2025			March 31, 2024		
	Notional amount	Fair value	Unrealized gain (loss)	Notional amount	Fair value	Unrealized gain (loss)
Foreign exchange forward contracts out of the trading markets						
Sell:						
US$	**¥ 2,435**	**¥ 4**	**¥ 4**	¥ 2,679	¥ 7	¥ 7
Euro				322	2	2
Buy:						
US$	**2,671**	**24**	**24**	1,879	(42)	(42)
	¥ 5,106	**¥ 28**	**¥ 28**	¥ 4,881	¥ (32)	¥ (32)

	Thousands of U.S. dollars (Note 1)		
	March 31, 2025		
	Notional amount	Fair value	Unrealized gain (loss)
Foreign exchange forward contracts out of the trading markets			
Sell:			
US$	**$ 16,289**	**$ 27**	**$ 27**
Euro			
Buy:			
US$	**17,864**	**161**	**161**
	$ 34,154	**$ 188**	**$ 188**

2) Interest-related transactions

None

(2) Derivative transactions to which hedge accounting is applied

1) Currency-related transactions

None

2) Interest-related transactions

Classification	Item	Hedged liabilities	Millions of yen					
			March 31, 2025			March 31, 2024		
			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	**28,450**	**17,050**	**(*)**	33,950	28,450	(*)

Classification	Item	Hedged liabilities	Thousands of U.S. dollars (Note 1)		
			March 31, 2025		
			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	**190,275**	**114,031**	**(*)**

(*) 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.

15. Treasury Shares

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

	2024	Increase during the year	Decrease during the year	**2025**
Number of shares	581,744	30,014	-	**611,758**
Total price (Millions of yen)	¥ 917	¥ 44	-	¥ **961**
Total price (Millions of dollers)	$ 6,133	$ 294	$ -	$ **6,428**

The 30,014 increase in the number of treasury shares of Capital Stock are due to 1,574 purchasing the shares less than one unit and due to 28,440 attributing to treasury stock that affiliated company acquired.

	2023	Increase during the year	Decrease during the year	**2024**
Number of shares	37,017	544,727	-	581,744
Total price (Millions of yen)	¥ 110	¥ 806	¥ -	¥ 917

The 544,727 increase in the number of treasury shares of Capital Stock are due to 1,944 purchasing the shares less than one unit and due to 542,783 attributing to treasury stock that affiliated company acquired.

16. Pledged Assets and Secured Debt

The following are the pledged assets for the years ended March 31, 2025 and 2024.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	**2025**
	¥	¥	$
Inventories	**14,513**	13,344	**97,068**
Buildings and Structures	**5,697**	3,337	**38,105**
Land	**7,222**	7,222	**48,302**
Investment securities	**14,825**	-	**99,154**
Total	**¥ 42,258**	¥ 23,903	**$ 282,629**

The following are the secured debt for the years ended March 31, 2025 and 2024.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	**2025**
	¥	¥	$
Short-term debt	**-**	26,000	**-**
Long-term debt	**10,450**	-	**69,890**
Total	**¥ 10,450**	¥ 26,000	**$ 69,890**

17. Related Party Transactions

Samyoung Electronics Co., Ltd. (Samyoung) is a 35.15%-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, 2025 and 2024 and transactions for the years ended March 31, 2025 and 2024 with related parties are summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	**2025**
Investment securities	¥ **14,911**	¥ 14,553	$ **99,730**

	Millions of yen					
	2025			2024		
	Transaction amount	Account Title	Balance at end of year	Transaction amount	Account Title	Balance at end of year
Purchase of affiliates' products	¥ **2,045**	Accounts payable	¥ **156**	¥ 3,481	Accounts payable	¥ 192
Sales of materials and equipment	**820**	Accounts receivable -trade	**30**	651	Accounts receivable -trade	49
Supply of materials	¥ **911**	Accounts receivable -other	¥ **54**	¥ 1,169	Accounts receivable -other	¥ 41
Issuance of new shares	¥ **-**	-	¥ **-**	¥ 2,405	-	¥ -

	Thousands of U.S. dollars (Note 1)		
	2025		
	Transaction amount	Account Title	Balance at end of year
Purchase of affiliates' products	$ **13,680**	Accounts payable	$ **1,048**
Sales of materials and equipment	**5,489**	Accounts receivable -trade	**207**
Supply of materials	$ **6,094**	Accounts receivable - other	$ **364**

Samyoung Electronics Co., Ltd accepted third party allocation that company had by 1,480yen per one share.

Condensed financial information of the significant affiliated companies, for which the equity method is applied, as of March 31, 2025 and 2024, and for the years then ended, is follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	**2025**
Total current assets	¥ **40,635**	¥ 39,500	$ **271,773**
Total fixed assets	**19,329**	20,616	**129,277**
Total current liabilities	**2,466**	1,068	**16,498**
Total long-term liabilities	**319**	524	**2,138**
Total net assets	**57,178**	58,523	**382,413**
Net sales	**18,139**	19,111	**121,317**
Profit before income taxes	**1,515**	1,983	**10,135**
Net profit	**1,236**	1,491	**8,271**

18. Selling, General and Administrative Expenses

The following are the major components of selling, general and administrative expenses for the years ended March 31, 2025 and 2024.

	Millions of yen				Thousands of U.S. dollars (Note 1)	
		2025		2024		**2025**
Freight and transportation	¥	**3,211**	¥	3,845	$	**21,479**
Salaries and wages		**4,593**		4,840		**30,719**
Provision for bonus reserve		**527**		729		**3,526**
Retirement benefit expenses		**73**		337		**490**
Depreciation		**1,272**		1,273		**8,511**
Research and development expenses		**4,228**		4,489		**28,283**

19. Research and Development Expenses

The total amounts of research and development expenses for the years ended March 31, 2025 and 2024 are as follows and all of them are charged to income as incurred.

	Millions of yen				Thousands of U.S. dollars (Note 1)	
		2025		2024		**2025**
Research and development expenses	¥	**4,228**	¥	4,489	$	**28,283**

20. Gain on Sales of Property, Plant and Equipment and Gain on Sales of Investment securities

1) Gain on sales of property, plant and equipment for the years ended March 31, 2025 and 2024 are as follows:

	Millions of yen				Thousands of U.S. dollars (Note 1)	
		2025		2024		**2025**
Machinery, equipment and others	¥	**7**	¥	4	$	**51**
Total	¥	**7**	¥	4	$	**51**

2) Gain on sales of investment securities was recorded due to the sale of domestically listed stock held by Nippon Chemi-Con Corporation.

21. Loss on Disposal of Property, Plant and Equipment

Loss on disposal of property, plant and equipment for the years ended March 31, 2025 and 2024 are as follows:

	Millions of yen				Thousands of U.S. dollars (Note 1)	
		2025		2024		**2025**
Buildings and structures	¥	**12**	¥	18	$	**85**
Machinery, equipment and others		**25**		25		**168**
Total	¥	**38**	¥	43	$	**254**

22. Other Comprehensive Income

For the years ended March 31, 2025 and 2024, other comprehensive income is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	**2025**
Net unrealized holding gains on securities			
Amount arising during the year	¥ -	¥ 800	$ -
Reclassification adjustments	-	(2,686)	-
Income taxes and Before deferred tax adjustments	-	(1,886)	-
Income taxes and Deferred tax amounts	-	577	-
Net unrealized holding gains on securities	-	(1,308)	-
Foreign currency translation adjustments			
Amount arising during the year	**508**	4,518	**3,401**
Reclassification adjustments	**-**	-	**-**
Foreign currency translation adjustments	**508**	4,518	**3,401**
Remeasurements of defined benefit plans			
Amount arising during the year	**2,910**	4,307	**19,463**
Reclassification adjustments	**(378)**	89	**(2,532)**
Income taxes and Before deferred tax adjustments	**2,531**	4,397	**16,930**
Income taxes and Deferred tax amounts	**(30)**	(2)	**(205)**
Remeasurements of defined benefit plans	**2,500**	4,395	**16,724**
Share in other comprehensive income of affiliated companies accounted for using the equity method			
Amount arising during the year	**185**	(10)	**1,243**
Reclassification adjustments	**-**	-	**-**
Share in other comprehensive income of affiliated companies accounted for using the equity method	**185**	(10)	**1,243**
Total other comprehensive income	**¥ 3,195**	¥ 7,594	**$ 21,370**

23. Dividends

(1) Year ended March 31, 2025

1) Dividends paid

Resolution	**Type of shares**	**Total dividend (millions of yen)**	**Total dividends (thousands of U.S. dollars) (Note 1)**	**Source of dividends**	**Dividends per share (yen)**	Dividends per share (U.S. Dollars) (Note 1)	**Cut-off date**	**Effective date**
Annual general meeting of the shareholders on June 27, 2024	Class A Shares	¥ **144**	$ **964**	Capital surplus	¥ **14,426.20**	$ **96.48**	March 31, 2024	June 28 2024

2) Dividends with effective date falling in the following fiscal year are as follows.

Resolution	Type of shares	Total dividend (millions of yen)	Total dividends (thousands of U.S. dollars) (Note 1)	Source of dividends	Dividends per share (yen)	Dividends per share (U.S. Dollars) (Note 1)	Cut-off date	Effective date
Annual general meeting of the shareholders on June 27, 2025	Class A Shares	¥ **550**	$ **3,678**	Capital surplus	¥ **55,000**	$ **367.84**	March 31, 2025	June 30 2025

(2) Year ended March 31, 2024

Dividends with effective date falling in the following fiscal year are as follows.

Resolution	Type of shares	Total dividend (millions of yen)	Source of dividends	Dividends per share (yen)	Cut-off date	Effective date
Annual general meeting of the shareholders on June 27, 2024	Class A Shares	¥ 144	Capital surplus	¥ 14,426.20	March 31, 2024	June 28 2024

24. Number of shares issued

	2024	Increase during the year	Decrease during the year	**2025**
Common Shares	21,939,933	-	-	21,939,933
Class A Shares	10,000	-	-	10,000
Class B Shares	5,000	-	-	5,000
Total	21,954,933	-	-	21,954,933

	2023	Increase during the year	Decrease during the year	**2024**
Common Shares	20,314,833	1,625,100	-	21,939,933
Class A Shares	-	10,000	-	10,000
Class B Shares	-	5,000	-	5,000
Total	20,314,833	1,640,100	-	21,954,933

25. 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 contras 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.

(2) Fair value of financial instruments

The carrying amounts recognized on the consolidated balance sheets, fair values and the differences between them at March 31, 2025 and 2024 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, 2025			March 31, 2024		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Investment securities						
Investments in stock of affiliates	**¥ 14,825**	**¥ 6,813**	**¥ (8,011)**	¥ 14,467	¥ 7,161	¥ (7,305)
Total assets	**¥ 14,825**	**¥ 6,813**	**¥ (8,011)**	¥ 14,467	¥ 7,161	¥ (7,305)
Long-term debt	**38,100**	**34,504**	**(3,595)**	38,904	38,175	(728)
Total liabilities	**¥ 38,100**	**¥ 34,504**	**¥ (3,595)**	¥ 38,904	¥ 38,175	¥ (728)
Derivative transactions	**¥ 28**	**¥ 28**	**¥ -**	¥ (32)	¥ (32)	¥ -

	Thousands of U.S. dollars (Note 1)		
	March 31, 2025		
	Carrying amount	Fair value	Difference
Investment securities			
Investments in stock of affiliates	**$ 99,154**	**$ 45,571**	**$ (53,582)**
Total assets	**$ 99,154**	**$ 45,571**	**$ (53,582)**
Long-term debt	**254,815**	**230,766**	**(24,049)**
Total liabilities	**$ 254,815**	**$ 230,766**	**$ (24,049)**
Derivative transactions	**$ 188**	**$ 188**	**$ -**

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)	
	2025		2024		**2025**	
Unlisted shares	**¥**	**182**	¥	182	**$**	**1,218**

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, 2025 and 2024 due within one year

	Millions of yen				Thousands of U.S. dollars (Note 1)	
	2025		2024		**2025**	
Cash and deposits	**¥**	**23,870**	¥	45,300	**$**	**159,647**
Trade receivables		**23,716**		25,853		**158,619**
Total	**¥**	**47,587**	¥	71,154	**$**	**318,266**

Note 4: Redemption schedules of long-term debt with maturities at March 31, 2025 and 2024

	Long-term debt					
	Millions of yen				Thousands of U.S. dollars (Note 1)	
	2025		2024		**2025**	
2025	**¥**	**18,454**	¥	8,667	**$**	**123,424**
2026		**16,350**		17,354		**109,349**
2027		**16,200**		15,250		**108,346**
2028		**5,550**		750		**37,118**
2029 and thereafter		**-**		5,550		**-**

26. 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.

27. Revenue Recognition

(1) 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)
	2025	2024	**2025**
Assets from contracts with customers (Balance at the beginning of the year)	¥ **25,853**	¥ 32,555	$ **172,911**
Assets from contracts with customers (Balance at the end of the year)	**23,716**	25,853	**158,619**
Contract liability (Balance at the beginning of the year)	**43**	29	**293**
Contract liability (Balance at the end of the year)	**92**	43	**619**

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.

28. 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					
	2025			2024		
	Capacitor	Other	Consolidated	Capacitor	Other	Consolidated
Net sales:						
Sales to unaffiliated customers	¥ **118,022**	¥ **4,662**	¥ **122,684**	¥ 145,698	¥ 5,041	¥ 150,740
Intersegment sales	**-**	**-**	**-**	-	-	-
Total	¥ **118,022**	¥ **4,662**	¥ **122,684**	¥ 145,698	¥ 5,041	¥ 150,740
Segment profit (loss)	**3,302**	**438**	**3,740**	8,824	597	9,422
Other:						
Depreciation	**6,943**	**145**	**7,089**	6,663	99	6,762
Increase in fixed assets	**7,582**	**49**	**7,631**	11,056	138	11,195

	Thousands of U.S. dollars (Note 1)		
	2025		
	Capacitor	Other	Consolidated
Net sales:			
Sales to unaffiliated customers	**$ 789,342**	**$ 31,182**	**$ 820,524**
Intersegment sales	**-**	**-**	**-**
Total	**$ 789,342**	**$ 31,182**	**$ 820,524**
Segment profit (loss)	**22,088**	**2,929**	**25,017**
Other:			
Depreciation	**46,440**	**973**	**47,413**
Increase in fixed assets	**50,711**	**330**	**51,042**

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, 2025 and 2024 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)
	2025	2024	**2025**
Japan	¥ **26,224**	¥ 30,489	$ **175,392**
China	**39,464**	44,115	**263,944**
America	**13,957**	20,681	**93,349**
Europe	**13,090**	22,608	**87,552**
Others	**29,946**	32,844	**200,285**
Total	¥ **122,684**	¥ 150,740	$ **820,524**

ii) Property, plant and equipment

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	**2025**
Japan	¥ **33,947**	¥ 32,204	$ **227,045**
China	**2,905**	2,770	**19,432**
America	**2,585**	2,753	**17,293**
Europe	**2,776**	2,954	**18,571**
Others	**6,114**	7,101	**40,893**
Total	¥ **48,330**	¥ 47,784	$ **323,236**

iii) Information about major customers

Information about major customers for the years ended March 31, 2025 and 2024 are not presented as there is no customer to whom sales is over 10% in the consolidated statements of operations.

29. Other

Antitrust Law

The defendants including the Company were facing civil class actions that claimed damages concerning electrolytic capacitors, tantalum capacitors, and film capacitors on the alleged violations and so on of the Economic Competition Law and so on of Israel. The Company admits no such legal liability. However, after taking various factors and circumstances into consideration, the Company agreed to pay a sum of 3.5 million US dollars to settle the cases to the class action plaintiffs and accordingly concluded a settlement agreement in December 2024. The agreement will take official effect when the court approval proceedings are completed. When such effect is taken, all the civil actions that claimed damages against the Our Group concerning the transactions of aluminum electrolytic capacitors, etc. are settled except one lawsuit in Taiwan. However, the Company does not expect to incur any material loss from the lawsuit.

Independent Auditor’s Report

The Board of Directors
Nippon Chemi-Con Corporation

The Audit of the Consolidated Financial Statements

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, 2025, 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, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Key Audit Matters

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

Recoverability of Deferred Tax Assets of Nippon Chemi-Con Corporation	
Description of Key Audit Matter	**Auditor’s Response**
The Group recognized deferred tax assets of ¥1,668 million on consolidated balance sheet as of March 31, 2025. As described in Note 8. Income Taxes, the amount of deferred tax assets before offsetting against the deferred tax liabilities is ¥2,600 million, which is a total gross deferred tax assets for deductible temporary differences and tax loss carryforwards of ¥14,501 million offset by the valuation allowance of ¥11,549 million. Of this amount, deferred tax assets recorded by the	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. ・We examined the schedule of the years in which deductible temporary differences and tax loss carryforwards were expected to be reversed or expired.

Company are ¥805 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.	・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 inspected the external data regarding market forecasts and market share related to the industries where the company belong.

Other Information

The other information comprises the information included in the Annual Financial Report 2025 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 Corporate Auditor and the Board of Corporate Auditors 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 Corporate Auditor and the Board of Corporate Auditors 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 Corporate Auditor and the Board of Corporate Auditors are 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 Corporate Auditor and the Board of Corporate Auditors 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 Corporate Auditor and the Board of Corporate Auditors 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, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

From the matters communicated with the Corporate Auditor and the Board of Corporate Auditors, 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.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2025 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.

Fee-related Information

The fees for the audits of the financial statements of the Company and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2024 are 99 million yen and 43 million yen, respectively.

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.

Ernst & Young ShinNihon LLC
Tokyo, Japan

July 11, 2025

Yuichi Noda
Designated Engagement Partner
Certified Public Accountant

Takehiro Kaneko
Designated Engagement Partner
Certified Public Accountant